IONOS

Consolidated Financial Statements 2023

Management Report for the Group and parent company
Consolidated annual financial statements acc. to IFRS

IONOS GROUP SE

COMBINED MANAGEMENT REPORT FOR FISCAL YEAR 2023

COMBINED MANAGEMENT REPORT

Note:

Due to rounding differences, figures in tables and cross-references may differ slightly from the actual figures (units of currency, percentages, etc.).

For reasons of better readability, the masculine form is used in the Combined Management Report for gender-specific designations. IONOS Group SE would like to point out that the use of the masculine form is explicitly to be understood as gender-independent.

To improve readability and to distinguish between company and Group information, "IONOS" is used below as a synonym for Group information. The company name "IONOS Group SE" is used for company information.

Reference to unaudited sections of the report on the position of the company and the Group as of December 31, 2023.

In the combined management report, a distinction is made between auditable and non-auditable management report disclosures. "Non-auditable disclosures" are those that cannot be assessed by the auditor due to the nature of the disclosures or the absence of suitable criteria.

IONOS Group SE has identified the following sections and disclosures as "unaudited management report disclosures" in the Group management report:

- The disclosures contained in subsection "1.4 Focus on products and innovations" are "unaudited management report disclosures".
- The "Quarterly performance" table in the sub-chapters "2.2 Business performance" with key financial figures on a quarterly basis is a "unaudited management report information", as IONOS does not subject its interim financial statements to an audit review or audit. The quarterly figures are accordingly marked as "unaudited".
- The German Corporate Governance Code (GCGC) provides for disclosures on the internal control and risk management system. These go beyond the statutory requirements for the management report and are excluded from the audit of the management report by the auditor ("non-management report disclosures"). They are assigned thematically to the key elements of the internal control and risk management system in section 4 "Internal control and risk management system" and are distinguished from the information to be audited by separate paragraphs and marked accordingly as "unaudited".
- Section 6 "Corporate governance statement" is a "unaudited management report disclosures", as the audit of the disclosures in the corporate governance statement by the auditor in accordance with Section 317 (2) sentence 6 HGB is limited to the fact that the disclosures have been made and the corporate governance report also contained in section 6 is a "non-management report disclosure" in accordance with Section 3.10 of the German Corporate Governance Code, the content of which is not audited.

1. Group Profile

1.1 Business model

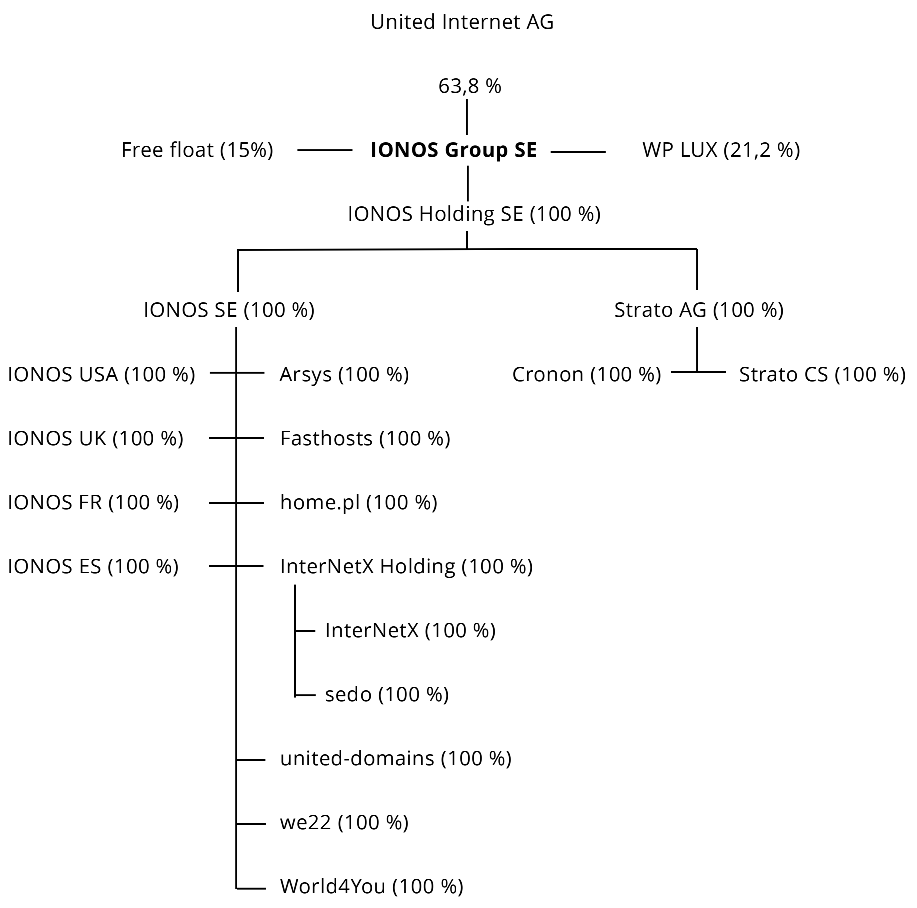
Group structure

The shares of IONOS Group SE have been listed on the regulated market of the Frankfurt Stock Exchange since February 8, 2023. As of December 31, 2023, United Internet AG held 63.8% and WP XII Venture Holdings II SCSp, Luxembourg / Luxembourg 21.2% of the shares in IONOS Group SE. A further 15.0% are in free float.

IONOS Group SE is a pure holding company. The operating business is conducted via the companies IONOS SE, Montabaur, and STRATO AG, Berlin, and their subsidiaries, which are held by the intermediate holding company IONOS Holding SE.

These subsidiaries include in particular the subsidiaries of STRATO AG, Cronon GmbH, Berlin, and STRATO Customer Service GmbH, Berlin, as well as the foreign subsidiaries of IONOS SE such as IONOS Inc., Philadelphia, Pennsylvania/USA, IONOS Cloud Ltd., Gloucester/UK, IONOS S.à r.l., Saargemünd/France, IONOS Cloud S.L.U., Madrid/Spain, Arsys Internet S.L.U., Logroño/Spain, Fasthosts Internet Ltd, Gloucester/UK, home.pl S.A., Szczecin/Poland, and World4You Internet Services GmbH, Linz/Austria, as well as the domestic subsidiaries of IONOS SE such as InterNetX GmbH, Regensburg, Sedo GmbH, Cologne, united-domains AG, Starnberg, and we22 GmbH, Cologne.

A simplified presentation (as at December 31, 2023) of the Group structure, including the Group's main operating subsidiaries, is as follows:



Business operations

IONOS is an internationally active digitalization partner and reliable cloud enabler for small and medium-sized enterprises ("SMEs"), but also for individual users (e.g. freelancers) and larger corporate customers. It offers a comprehensive product portfolio in the area of Web Presence & Productivity as well as Cloud Solutions. This portfolio is supported by first-class customer support and infrastructure. The Group is therefore primarily active in the market for web hosting and cloud applications.

In the Web Presence & Productivity segment, IONOS offers professional solutions for Internet presences, such as domain registration, web hosting, website construction kits supported by artificial intelligence and dedicated servers. This is supported by additional productivity products (e.g. e-commerce applications, e-mail and marketing applications) as well as additional services such as search engine optimization, business applications or storage and backup solutions.

The Cloud Solutions offering includes both public cloud and private cloud solutions with a wide range of services in the areas of Infrastructure-as-a-Service ("IaaS"), Platform-as-a-Service ("PaaS") and Software-as-a-Service ("SaaS"). The IONOS Cloud Solutions product range also includes a "Compute Engine" solution (a flexible IaaS solution for cloud computing applications), storage and backup, network services, managed services and database solutions.

The aftermarket business in IONOS is an online marketplace for buying, selling and parking domains that enables users to find, evaluate and trade domains. The business model is largely based on commissions for successful domain sales and domain parking or fees for additional services, such as domain valuations.

The products and solutions are developed in the company's own development centers or in cooperation with partner companies and are operated on over 100,000 servers in 32 data centers, 11 of which are the company's own data centers.

In addition to the international main brand IONOS, the product portfolio is marketed to specific target groups via differently positioned brands such as STRATO, arsys, fasthosts, home.pl and World4You. In addition, there are several brands with extensive domain expertise such as United Domains, InterNetX and sedo, which offer professional services relating to active domain management. The we22 brand specializes in website builders and the construction of websites for private and small business customers.

With its focus on small and medium-sized enterprises ("SMEs") in the area of Web Presence & Productivity, IONOS operates in a market that is very fragmented on the customer side. On the product side, these customers are typically dependent on the products offered by IONOS, as these are essential for sales and sales support. In addition, in most cases the products only account for an insignificant proportion of an SME's costs and are usually paid for by the customer on a monthly basis. For example, it is unlikely that a small SME will stop operating its website for cost reasons or regularly compare prices with comparable but less well-known providers.

In its Cloud Solutions division, IONOS focuses on providing scalable and powerful cloud services to small and medium-sized businesses as well as enterprise customers looking for flexible and cost-effective solutions for their web presence and work productivity. IONOS' customized VPS, cloud servers and PaaS, IaaS and SaaS offerings are critical to the smooth operation and rapid growth of these businesses, with monthly payments and reliable support providing a firm foundation for their digital business success. Given the financial importance and strategic relevance of IONOS' cloud solutions, customers are unlikely to stop operating their cloud infrastructure due to cost pressures or to regularly compare providers, as the reliability and scalability of these services are essential to their business successes.

Management

The Management Board of IONOS Group SE consisted of the following members as of December 31, 2023:

- Achim Weiß (Chief Executive Officer; Chairman of the Management Board)
- Dr. Jens-Christian Reich (Chief Commercial Officer; Deputy Chairman of the Executive Board) – since July 2023
- Britta Schmidt (Chief Financial Officer)

The Supervisory Board of the Company comprised six members as of December 31, 2023:

- Ralph Dommermuth, Chairman of the Supervisory Board (since January 2023)
- René Obermann, Deputy Chairman (since January 2023)
- Dr. Claudia Borgas-Herold (since January 2023)
- Kurt Dobitsch (since January 2023)
- Martin Mildner (since January 2023)
- Vanessa Stützle (since January 2023)

The following members left the company's Supervisory Board in the 2023 fiscal year:

- Max Fowinkel, Chairman of the Supervisory Board (until January 2023)
- Issam Abedin, Deputy Chairman (until January 2023)
- Markus Langer (until January 2023)
- Markus Kadelke (until January 2023)
- Lutz Laffers (until January 2023)
- Lysander Ammann (until January 2023)

Main markets and competitive standing

Main markets

Next tot he home market Germany,

- North America (incl. Canada and Mexico),
- The UK,
- Spain,
- France,
- and Poland

are the most important markets of IONOS.

Competitive position

IONOS is the European market leader in web hosting in terms of the number of hosted domains (approx. 12 million in Europe as of December 31, 2023) with activities in 18 countries in Europe and North America. IONOS is the market leader in Germany, Spain, Poland and Austria and number two in the UK and France. IONOS is also one of the market leaders in the other European markets in which it is active in web hosting.

The strong market presence, but also the international presence, combined with sustained and strong sales growth, give IONOS clear advantages in competition with other, especially smaller providers. The platform model results in significant economies of scale for IONOS and thus higher margins.

Main locations

IONOS had a total of 4,364 active employees as of December 31, 2023 (December 31, 2022: 4,247 active employees).

The Group's most important locations are:

- Berlin, Germany
- Bucharest, Romania
- Cebu City, Philippines
- Philadelphia, Pennsylvania, USA
- Gloucester, UK
- Karlsruhe, Germany
- Cologne, Germany
- Linz, Austria
- Logroño, Spain
- Madrid, Spain
- Montabaur, Germany
- Regensburg, Germany
- Starnberg, Germany

- Szczecin, Poland
- Zweibruecken, Germany

1.2 Objectives and strategies

The Group's business model is predominantly based on customer contracts (electronic subscriptions) with fixed monthly amounts, contractually agreed terms and above-average customer loyalty. Such a business model ensures stable, predictable sales and cash flows, as it is hardly affected by economic fluctuations. At the same time, it opens up financial scope to exploit opportunities in new business areas and new markets - both organically and opportunistically through selective acquisitions and investments.

A large number of customer relationships also helps the Group to exploit economies of scale: The more customers demand the products created by the development teams and operated on the company's own server infrastructure, the higher the margin. Higher earnings can in turn be invested in customer acquisition, the expansion of the product portfolio and new business areas, which consolidates or further expands the company's own market position.

IONOS operates in the large, robust and fast-growing market for digital platforms and cloud solutions for SMEs. Growth is driven by structural megatrends such as digitalization, including significant catch-up potential in web presence, and an ongoing shift from on-premise to cloud environments. The catch-up potential is particularly high among smaller SMEs.

According to a McKinsey study "The SMB Market for Digitization and Cloud Solutions" from September 2022, these SMEs are the growth drivers for most economies. This offers companies with digitization products "an enormous opportunity" to sell digitization and cloud solutions to these SMEs. McKinsey estimates the total market for digitalization and cloud solutions in Europe and North America to be worth € 84 billion (reference year 2021). According to estimates, this market is set to grow by an average of more than 20% per year until 2026. This market momentum is driven by expected growth rates of 8% p.a. (CAGR 2021-2026) in more "traditional" digitalization solutions such as domains and web hosting, website creation, e-commerce and hosting services on the one hand and even stronger growth rates of 27% p.a. (CAGR 2021-2026) for cloud solutions on the other.

It should be noted here that - according to McKinsey - most SMEs appear to follow a clear digitalization strategy. This begins with the entry point of domain and web hosting and then leads to demand for further services over time as a result of growth, such as the use of multiple domains, the continuous expansion of the website, additional e-commerce solutions as well as office and email offerings. Finally, other cloud-oriented services such as storage, backup and security services are also added.

In its November 2023 study ("Worldwide Public Cloud IaaS and PaaS Workloads Forecast 2023-2027"), the research company IDC also confirms that cloud solutions are likely to represent one of the largest growth markets worldwide. IDC forecasts that the combined market for IaaS and PaaS workloads in the public cloud will grow to around USD 619.8 billion in terms of revenue by 2027. This corresponds to a compound annual growth rate of 24.7% until 2027 (CAGR 2022-2027).

In view of the dynamic market development in the areas of cloud solutions and internet presence, the Group's growth opportunities are obvious: increasing IT spending by SMEs, growth in e-commerce and ever more powerful broadband connections that are available everywhere and enable new, complex cloud applications. These internet-based applications for end customers and companies will be the growth drivers for the Group in the coming years.

Thanks to its many years of experience as an application provider, its expertise in software development and data center operation, marketing, sales and customer support, its strong brand awareness and its existing customer relationships with millions of private users, freelancers and small and medium-sized enterprises, the Group is very well positioned to do so.

In order to use this positioning for further and sustainable growth, the Group companies will continue to invest heavily in new customers, new products and business areas as well as further internationalization in the future.

Further information on strategy, opportunities and targets can be found in the risk, opportunity and forecast report under Chapter 4.

1.3 Control systems

The Group's internal management systems support the management in monitoring and controlling the Group companies and therefore also IONOS. The systems consist of planning, actual and forecast calculations and are based on the Group's strategic planning, which is revised annually. In particular, market developments, technological developments and trends, their influence on the Group's own products and services and the Group's financial possibilities are taken into account. The aim of corporate management is to develop the Group continuously and sustainably.

The Group's reporting system comprises monthly income statements and quarterly IFRS reports for all consolidated subsidiaries and presents the Group's net assets, financial position and results of operations. The financial reporting is supplemented by further detailed information that is necessary for the assessment and management of the operating business.

Quarterly reports on the Group's main risks are another component of the management systems.

These reports are discussed at Management Board and Supervisory Board meetings and form the basis for key assessments and decisions.

The key financial performance indicators for company management at IONOS level are (currency-adjusted) revenue, adjusted EBITDA and the adjusted EBITDA margin in accordance with IFRS. The Group is also managed using non-financial performance indicators.

IONOS Group SE essentially acts as a holding company within the Group. In principle, IONOS Group SE charges the costs it incurs in connection with Group management to the operating companies within the Group. Accordingly, IONOS Group SE is mainly influenced by the investment result (profit transfers and distributions) and focuses on its investment result and net income for the year.

A comparison between the key performance indicators specified in the forecast and the actual values of these key performance indicators can be found in this Group management report under chapter 2.2 "Business performance" in the "Actual and forecast business performance" section.“

In particular, the analysis of the development of the number of customers and the services/products used by customers, the customers and services acquired and the associated customer acquisition costs (CAC) - compared to the Group's planning and forecast calculations - serves as an early warning system.

1.4 Main focus areas for products and innovations[2]

IONOS does not conduct traditional research and development (R&D) comparable to that of a manufacturing company. Research and development expenditure also plays a rather subordinate role in the industry context. Against this background, IONOS does not report any R&D figures.

At the same time, IONOS stands for innovative, web-based products and applications. The ability to further develop, combine and adapt innovative products and services and launch them in large markets forms the basis for the Group's success.

Thanks to its own IT specialists, IONOS can react quickly and flexibly to new ideas and trends and further develop established products and adapt them to changing requirements - an important success factor in the extremely dynamic Internet market. Thanks to its expertise in product development, further development and rollout, the Group is independent of third-party developments and suppliers in many areas and can therefore exploit important competitive and speed advantages.

The programmers mainly work with open source codes and within the framework of firmly defined and modeled development environments. In addition, third-party programming services are used to implement certain projects quickly and efficiently. In this way, the basic applications of the products can be further developed within a very short time and adapted to new customer requirements in a timely manner. IONOS also procures solutions from partners, which are then modified and integrated into its own systems. Thanks to the integrated applications, IONOS has a kind of modular system whose modules can be combined to create a wide variety of powerful and integrated applications and provided with a product- and country-specific user interface.

In addition to continuous optimization and ensuring the reliable operation of all services, the IONOS programmers, product managers and technical administrators worked on numerous projects in the areas of Cloud Solutions and Web Presence & Productivity in the past fiscal year. The main focus here was on innovations in the field of artificial intelligence. For example, the company introduced an AI-based website builder, a newsletter tool with AI functions and a domain search that makes use of the new technology. In the cloud area, the first customers were able to use generative AI applications on a sovereign cloud platform as part of a beta test.

Focus areas in 2023

- Extension of "Database-as-a-Service" with MongoDB as a document-based NoSQL database
- Replace HDD storage with SSD products for higher storage performance, efficiency and packing density
- Expansion of Virtual Network Services with Managed NAT Gateway, Managed Network Load Balancer, Man-aged Application Load Balancer and Cloud DNS
- Start of IPv6 in the native network stack
- Launch of the open source solution "Managed Stackable" (from IONOS and Stackable) as the first managed big data product
- Introduction of the STRATO Virtual Dedicated Server based on IONOS Cloud Compute
- Start STRATO V-Server based on IONOS Cloud (CoreVPS/Cubes)
- Start HiDrive4You as a new cloud storage tariff at STRATO
- Introduction of AI solutions in the website builder and domain search
- Launch of virtual CPUs as a new compute type
- Introduction of Red Hat Enterprise Linux as the first commercial Linux operating system
- Introduction 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] The disclosures contained in this section are unaudited management report disclosures.

2. Economic report

2.1 General economic and sector conditions

General economic development

The International Monetary Fund (IMF) has revised its forecast for 2023 slightly upwards during the year. In its latest economic outlook (World Economic Outlook, January 2024 update), the IMF reported growth of 3.1% for the global economy in 2023 according to preliminary calculations. Growth was therefore below the previous year's level (3.5%) and at the same time 0.2 percentage points above the original IMF forecast from January 2023 (2.9%).

Growth in the North American target countries of IONOS varied considerably. The IMF expects the USA to grow by 2.5% (previous year: 1.9%), 1.1 percentage points more than in the January 2023 forecast (1.4%). By contrast, the calculations for Canada predict growth of 1.1% (previous year: 3.8%), 0.4 percentage points less than originally expected (1.5%). Economic output in Mexico is forecast to increase by 3.4% (previous year: 3.9%), which is 1.7 percentage points more than forecast at the start of the year (1.7%).

A much gloomier picture of the economic situation emerges when looking at the eurozone, in which all countries important to IONOS have performed significantly worse than in 2022. For the eurozone as a whole, the IMF has calculated growth of 0.5% (previous year: 3.4%), another 0.2 percentage points lower than forecast in January (0.7%). Growth of 0.8 % (previous year: 2.5 %) was calculated for France, 0.7 % (previous year: 3.7 %) for Italy and 2.4 % (previous year: 5.8 %) for Spain. This is 0.1 percentage points more for France and Italy and 1.3 percentage points more for Spain than expected in the January forecast (France: 0.7%; Italy: 0.6%; Spain: 1.1%). For Poland, the IMF expects an increase of 0.6% (previous year: 5.3 %).

For the non-EU country Great Britain, the IMF expects growth of 0.5 % (previous year: 4.3 %) and thus 1.1 percentage points more than at the beginning of the year (-0.6 %).

Economic development in Germany, the market with the highest sales for IONOS (share of sales in 2023: around 52.5%), remained significantly below the previous year and below the IMF's original expectations. The IMF reported a -0.3% decline in economic output for Germany (previous year: 1.8%), which was -0.4 percentage points less than expected at the beginning of the year (0.1 %).

The Fund's calculations for Germany are thus in line with the preliminary calculations of the German Federal Statistical Office (Destatis), which also determined a decline in (price-adjusted) gross domestic product (GDP) of -0.3% for 2023 - as part of the "Gross Domestic Product 2023" press conference on January 15, 2024. This is 2.1 percentage points less than in 2022 (1.8%). According to the German Federal Statistical Office, this was due to the continuing high prices at all levels of the economy as a result of inflation, unfavorable financing conditions due to rising interest rates and overall lower demand from Germany and abroad.

Changes in the 2023 growth forecasts for key target countries and regions of IONOS during the year:

	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 percentage points
USA	1.4%	1.6%	1.8%	2.1%	2.5%	+1.1 percentage points
Canada	1.5%	1.5%	1.7%	1.3%	1.1%	- 0.4 percentage points
Mexico	1.7%	1.8%	2.6%	3.2%	3.4%	+1.7 percentage points
Eurozone	0.7%	0.8%	0.9%	0.7%	0.5%	- 0.2 percentage points
France	0.7%	0.7%	0.8%	1.0%	0.8%	+0.1 percentage points
Spain	1.1%	1.5%	2.5%	2.5%	2.4%	+1.3 percentage points
Italy	0.6%	0.7%	1.1%	0.7%	0.7%	+0.1 percentage points
UK	- 0.6%	- 0.3%	0.4%	0.5%	0.5%	+1.1 percentage points
Germany	0.1%	- 0.1%	- 0.3%	- 0.5%	- 0.3%	- 0.4 percentage points

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

Multi-period overview: GDP development in key target countries and regions of IONOS

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

Source: Destatis, January 2024

Development of the sector / core markets

IONOS is represented in significant growth markets with its products and services and is the European market leader[1] in Web Presence & Productivity in terms of the number of hosted domains. IONOS benefits from the trends towards digitalization and cloud solutions on the one hand, and from the fact that IONOS focuses on products and services for small and medium-sized enterprises, known as "small and medium-sized enterprises", particularly in the area of Web Presence & Productivity, on the other.

[1] Hostsens

The management consultancy McKinsey refers to this customer group as the "growth engine of most economies" and forecasts cumulative revenue growth of 20% p.a. on average (CAGR 2021-2026) for this customer group in its study "The SMB Market for Digitization and Cloud Solutions" for Europe and North America. Cloud solutions are the main growth driver with growth rates of 27% p.a. (CAGR 2021-2026). In its "State of the Cloud 2023" study, Flexera again cites cloud solutions as the "engine of digital transformation". From a regional perspective, some Eastern European markets in particular, such as Poland, have significant catch-up effects due to their lower market penetration. GDP growth and economic expansion are also contributing to market growth.

At its annual press conference on January 10, 2024, the industry association Bitkom forecast growth of 2.0% (previous year: 6.8%) to € 215.0 billion for the German ITC market in 2023. At the beginning of 2023, the association was still forecasting revenue growth of 3.8% for 2023. Nevertheless, the digital industry once again proved to be very robust, even under difficult economic conditions characterized by geopolitical crises and budget cuts, as well as disrupted supply chains and a shortage of skilled workers.

The increase in the ICT market as a whole is due in particular to higher sales in information technology. According to the BITKOM forecast for 2023, sales in this largest submarket, which is important for IONOS, increased by 2.2% (previous year: 8.7%) to € 142.9 billion - after growth of 6.3% was expected at the beginning of 2023. The segments of the submarket developed quite differently: the software segment grew by 9.6% (previous year: 15.0%) and IT services by 5.1% (previous year: 8.5%), while the IT hardware segment initially declined by -5.4% (previous year: 4.8%) following the disproportionately high investments during the pandemic.

Most SMEs follow a clear digitalization strategy that starts with domain and web hosting as an entry point and grows over time to include other services, e.g. additional domains, website creation and associated additional services, e-commerce, office or email solutions. In addition, many SMEs have also recently shifted business processes to the cloud environment.

The coronavirus pandemic has boosted e-commerce and further increased the need for many companies and tradespeople to have a web presence. For example, many restaurants have introduced technology for online ordering or delivery services.

McKinsey assumes that the market for digitalization solutions, especially for SMEs in Europe and North America, will grow cumulatively by 8% p.a. until 2026 (CAGR 2021-2026). This includes the more "traditional" digitalization solutions such as domains and web hosting, website creation, e-commerce and hosting services. Broken down into individual products, McKinsey sees the growth effects primarily in the areas of website building and e-commerce. Here, McKinsey is forecasting double-digit growth rates of 13-14% p.a. (CAGR 2021-2026), in particular due to increased customer demand for digital shopping options and other interactions.

The cloud computing market developed dynamically in 2023. In its study "Public Cloud Services, Worldwide, 2021-2027, 3Q23 Update" (November 2023), Gartner, Inc. expects global growth for public cloud services of 17.8% from USD 478.32 billion to USD 563.59 billion in 2023e.

In recent years, cloud technology has evolved from a useful and competitive business tool to one of the most important foundations of companies.

The coronavirus pandemic in particular, as well as macroeconomic conditions and high inflationary pressure, have significantly accelerated digitization in many areas since 2020. Most companies now see new technologies as essential tools for overcoming crises. In a very short space of time, thousands of employees have been connected while working from home, new digital channels for sales and support have been opened up and many systems and data have been moved to the cloud.

The cloud market is therefore also largely unaffected by the uncertain economic situation. Although the optimization of existing cloud expenditure is moving to the top of the agenda for IT managers.

On the other hand, according to the Flexera study (Flexera, "2023 State of the Cloud Report"), the increasing use of SaaS, public cloud & co. is not changing.

The migration of data, applications and infrastructure to the cloud is a central component of most digital transformation strategies, with the aim of creating more agile and adaptable operations. According to the Flexera study mentioned above, SMEs now rely on the public cloud for 63% of all data and 67% of all workloads. In the aforementioned study, McKinsey predicts growth rates of 27% p.a. for the cumulative market of Europe and North America (CAGR 2021-2026) for cloud solutions in the SME market alone.

The IaaS sector in particular is currently experiencing strong growth as companies accelerate their IT modernization initiatives to minimize risks and optimize costs. Moving operations to the cloud reduces current capital expenditure by stretching investments 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 USD	2022	2023e	Change
Revenue from public cloud services worldwide	478.32	563.59	18%
thereof Application Infrastructure Services (PaaS)	119.58	145.32	22%
thereof Application Services (SaaS)	174.42	205.22	18%
thereof Business Process Services (BPaaS)	61.56	66.34	8%
thereof Desktop as a Service (DaaS)	2.43	2.78	15%
thereof System Infrastructure Services (IaaS)	120.33	143.93	20%

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

Legal conditions/significant events

The legal parameters for the IONOS business activities remained largely unchanged from the previous year in 2022 and thus had no significant influence on business development.

Significant events in the 2023 fiscal year were:

The main focus of the 2023 fiscal year was the successful IPO of IONOS Group SE, a significant event that took the company to a new level. On January 17, 2023, concrete plans for the IPO of IONOS were announced as part of an "Intention to Float" (ITF) and the IPO was completed on February 8, 2023. The shares of IONOS Group SE have been listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard) since this date.

In December 2023, IONOS Group SE concluded a loan of € 800,000k with a banking syndicate to partially refinance its existing shareholder loan with United Internet AG. The syndicated loan has a term until 2026 and bears interest at 4.67% p.a. After the partial repayment, the shareholder loan with United Internet AG still amounts to € 350,000k.

2.2 Business development

Use and definition of relevant financial performance measures

For a clear and transparent presentation of the business development of IONOS, further financial indicators such as EBITDA, EBITDA margin, EBIT, EBIT margin or free cash flow are disclosed in the Group's annual and interim financial statements in addition to the information required by International Financial Reporting Standards (IFRS).

These key figures are defined as follows for IONOS:

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

- **EBIT-Marge**: Presents the ratio of EBIT to revenue.

- **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-Marge**: Presents the ratio of EBITDA to revenue.

- **Free Cashflow**: 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.

Where necessary for a clear and transparent presentation, the aforementioned key figures are adjusted for special factors / special effects and reported as "adjusted key figures" (e.g. adjusted EBITDA, adjusted EBIT or adjusted EPS). A derivation of EBITDA to the figures adjusted for special items can be found in chapter 2.3 "Position of the Group".

As a rule, special effects only relate to those effects which, due to their nature, frequency and / or scope, are likely to impair the informative value of the key financial figures for the Group's financial and earnings performance. All special effects are shown and explained in the respective section of the financial statements for the purpose of reconciliation from the non-adjusted financial key figures to the operating key figures.

Non-recurring expenses (such as one-offs from integration projects) or other effects (e.g. from regulatory issues or growth initiatives) for the 2022 and 2023 fiscal years are not adjusted, but - if available - are shown in the respective chapter.

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

The most important key financial figures relevant to the management of the Group are (currency-adjusted) sales, adjusted EBITDA and the adjusted EBITDA margin in accordance with IFRS.

Actual and forecast business performance

For the 2023 fiscal year, the Management Board of IONOS Group SE expects currency-adjusted revenue growth of around 10%. In terms of adjusted EBITDA, an increase in the adjusted EBITDA margin from 26.7% to over 27% was also forecast for the 2023 fiscal year with rising revenue.

The Group's key figures for the 2023 fiscal year show an increase in revenue from contracts with customers of +10.7% (2023 fiscal year: € 1,378,203k; 2022 fiscal year: € 1,244,490k) and an increase in revenue (total) of +10.1% (2023 fiscal year: € 1,423,734k; 2022 fiscal year: € 1,292,961k). Adjusted for currency effects, the increase in revenue was +10.9% (fiscal year 2023: € 1.433.342k; fiscal year 2022: € 1,292,961k). Adjusted EBITDA in the Group recorded a significant increase of +12.9% from € 345,646k in the previous year to € 390,296k in 2023. The EBITDA margin increased from 26.7% in 2022 to 27.4% in the 2023 fiscal year.

The forecast for the 2023 fiscal year was therefore exceeded in terms of currency-adjusted sales revenue. The main driver for exceeding the forecast revenue was in particular the more dynamic than expected growth in our Aftermarket business, but also the very positive business development in the core business with Web Presence & Productivity products, partly due to price increases implemented for some products during the second half of 2023. This is partially offset by a somewhat lower than expected increase in sales in the Cloud Solutions product area, partly due to the overall weaker macroeconomic environment and its impact on business with key accounts.

The original forecast for the adjusted EBITDA margin was also exceeded and is in line with the raised forecast from November. The main drivers for achieving the forecast adjusted EBITDA margin are the general scalability of the business model as well as the easing of the situation on the energy markets and the resulting fall in energy purchase prices. In addition, the higher earnings contributions from the Aftermarket business, the lower-than-planned increase in headcount and the price increases implemented also had a positive effect on the development of the adjusted EBITDA margin.

Forecast	**Actual fiscal year 2022**	**forecast March 2023**	**forecast November 2023**	**Actual fiscal year 2023**
Revenue	€ 1.293 billion			10.1 % € 1.424 billion.
Revenue (Currency-adjusted)	around €1.3 billion	approx 10.0% around € 1.4 billion	approx 10.0%	10.9 % € 1.433 billion.
Adjusted EBITDA	€ 345.6m.	approx 10.0 %	approx 13.0%	12.9% € 390.3m.
Adjusted EBITDA- margin	26.7%	> 27.0 %	~ 27.5 %	27.4 %

With a positive result, IONOS Group SE was in line with expectations for the 2023 fiscal year. The result was mainly due to the costs incurred in connection with the IPO, which were passed on to United Internet AG and WP XII Venture Holdings S.à r.l. in accordance with the cost sharing agreement.

Business development

In the 2023 fiscal year, sales increased by 10.1% from € 1,292,691k in the previous year to € 1,423,734k, driven by a very positive development in sales figures across all product lines. Only sales revenue with affiliated companies declined slightly due to lower price-driven revenue from the recharging of energy costs to sister companies.

In 2023 and 2022, the key earnings figures were impacted by special effects in the form of IPO costs and their further impact as part of the IPO of IONOS Group SE. Please refer to the explanations in chapter "2.3 Situation of the Group".

Against the backdrop of the sharp rise in sales, the EBITDA margin and EBIT margin increased accordingly from 24.8% to 27.1% and from 16.1% to 19.5% respectively.

The number of employees increased to 4,364 in 2023 (previous year: 4,247).

Quarterly development; changes compared to the previous quarter (unaudited; see notes "unaudited sections")

in €m	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q4 2022	Change
Revenue	353.8	354.9	350.1	365.0	339.3	7,6%
EBITDA	81.4 (1)	122.2 (1)	101.8	80.0	69.9	14,4%
EBIT	54.5 (1)	95.4 (1)	74.9	52.6	34.0	54,6%

(1) Excluding IPO costs (EBITDA and EBIT effect: € -11.3m in Q1 2023, € -0.4m in Q2 2023)

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

in €k	2019	2020	2021	2022	2023
	(IFRS 16)				
Revenue	924,021	988,281	1,103,297	1,292,961	1,423,734
EBITDA	319,446	340,257	326,301	320,353	385,380
EBITDA- margin	36.0%	34.4%	29.6%	24.8%	27.1%
EBIT	221,632	229,367	213,651	208,021	277,472
EBIT- margin	24.0%	23.2%	19.4%	16.1%	19.5%

Group Investments

Significant changes in investments

There were no significant changes to the investment structure within IONOS in the fiscal year.

In addition to the (fully consolidated) core operating companies, IONOS held the following minority interests as of December 31, 2023, which are included in the at-equity result.

Minority holdings in partner companies

In October 2021, IONOS acquired a stake in Stackable GmbH. A capital increase was carried out in the 2023 fiscal year. As of December 31, 2023, IONOS held 27.54% of the voting rights. For the 2024 fiscal year, IONOS expects increasing sales and a positive EBITDA development at Stackable GmbH.

IONOS acquired a stake in Domains Bot S.r.l. in January 2010. The share of voting rights amounted to 49.0% as at December 31, 2023. In 2024, IONOS expects Domains S.r.l. to generate increasing revenue and a positive EBITDA trend.

In September 2023, IONOS acquired a stake in Street Media GmbH. As of December 31, 2023, the share of voting rights amounted to 28.70%. For the coming fiscal year, IONOS expects rising revenue and a positive EBITDA development.

IPO, share and dividend

IPO

On January 17, 2023, IONOS, together with its main shareholders United Internet and Warburg Pincus, announced plans for the company's IPO.

On January 27, 2023, United Internet and Warburg Pincus announced in an ad hoc announcement that they have defined the framework for the planned IPO of IONOS Group SE and the admission of its shares to trading on the regulated market of the Frankfurt Stock Exchange (Prime Standard).

As part of the IPO, United Internet and Warburg Pincus each offered 15% of their shares in.

On February 7, 2023, the final placement price for the shares of IONOS Group SE was set at € 18.50 per share. The shares of IONOS Group SE have been traded on the regulated market of the Frankfurt Stock Exchange (Prime Standard) since February 8, 2023.

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

Share

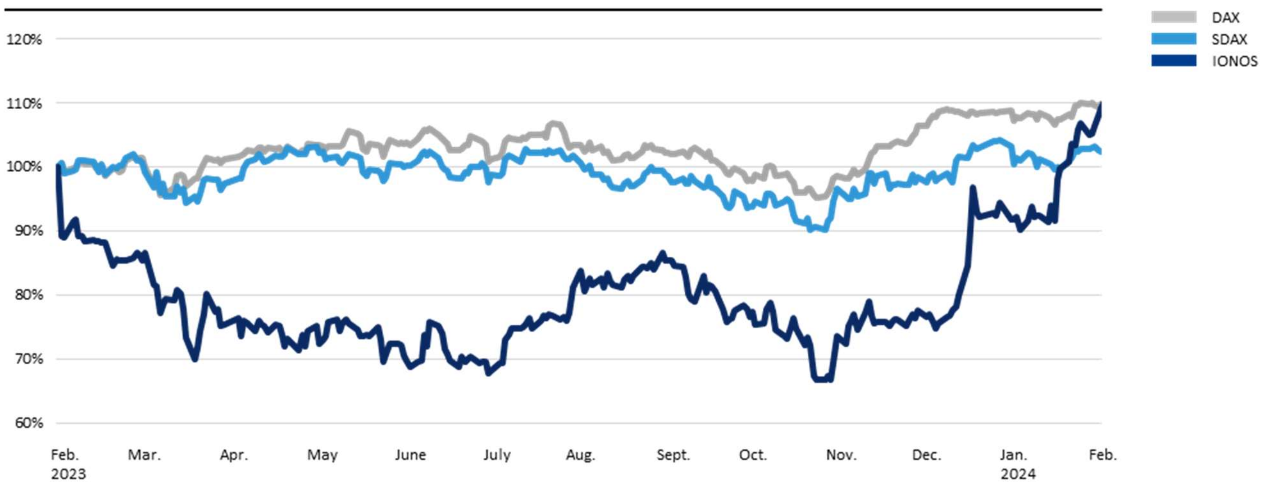
After the IPO, the share price initially decreased compared to the issue price of € 18.50 and reached its lowest closing price of € 12.34 on October 25, 2023. However, the share price subsequently recovered and, at € 17.46 on December 31, 2023, was only slightly below the issue price (-5.6 %). This means that the share performed slightly worse than the benchmark indices DAX (+8.7 %) and SDAX (+4.2 %).

The market capitalization of IONOS Group SE was around € 2.44 billion as of December 31, 2023.

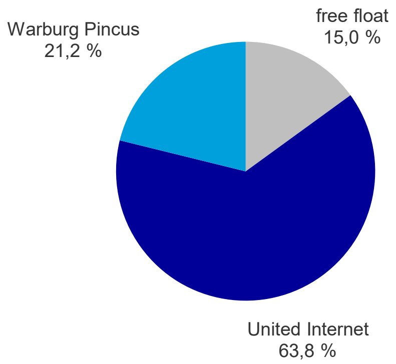
With effect from September 18, 2023, the IONOS Group SE share has made the leap into the SDAX selection index.

Since the beginning of 2024, the share has continued the positive trend from the end of the year. Over the one-year period since the IPO, the share price has developed positively overall and stood at € 21.20 (+14.6%) as at February 8, 2024. This means that the share outperformed the DAX (+10.1%) and SDAX (+3.2%) benchmark indices over this period.

Development of the share price since the IPO, indexed



Shareholder structure as at the reporting date of 12/31/2023



Share data

Issue price IPO	€ 18.50
Highest closing price in the fiscal year	€ 17.90
Lowest closing price in the fiscal year	€ 12.34
Closing price 12/31/2023	€ 17.46
Market capitalization 12/31/2023	€ 2.44 Billion
Closing price after one year (02/08/2024)	€ 21.20
Stock market	Frankfurt Stock Exchange
Stock market segment	Prime Standard
Index	SDAX
Stock market symbol	IOS
ISIN	DE000A3E00M1
WKN	A3E00M
Outstanding shares	140,000,000

Dividend

IONOS does not intend to pay a dividend in the near future, but to continue to invest the profits generated in the organic development of the company and the implementation of the growth strategy, as well as to further reduce debt.

The focus is on achieving long-term shareholder value, exploiting current market opportunities and ensuring financial flexibility in order to be able to deal with future opportunities and challenges in the best possible way.

Annual Shareholders' Meeting 2023

The first Annual Shareholders' Meeting of IONOS Group SE as a listed company took place in Frankfurt am Main on May 15, 2023. Around 70.2% of the share capital was represented at the vote. The shareholders approved all agenda items requiring a vote by a large majority.

Capital stock and treasury shares

As of December 31, 2023, the share capital of IONOS Group SE amounted to € 140,000,000. The company did not hold any treasury shares as at the reporting date.

Investor Relations

In the 2023 fiscal year, IONOS Group SE continuously relied on a combination of face-to-face on-site meetings and online events to interact with investors and exchange information. Both virtual and face-to-face meetings played a central role in the company's communication activities. The Annual Shareholders' Meeting was also held in person. In addition to direct interaction, IONOS Group SE focused on publishing quarterly reports, the half-year financial report, the annual financial statements and holding press and analyst conferences as well as a large number of webcasts to provide comprehensive insights into the company's performance.

Management and Investor Relations explained the corporate strategy and financial results in numerous face-to-face meetings with investors, particularly from Europe and North America. This enabled investors to get to know and understand the company in different formats and settings.

In addition, the IONOS Group SE website at https://www.ionos-group.com/de/investor-relations.html offers a comprehensive source of information. There, shareholders and interested investors not only have access to the publication dates of the financial reports, but also to the dates and locations of investor conferences and roadshows. The annual and sustainability reports are also available on the IONOS Group SE website.

Personnel report

As an Internet service provider, IONOS is subject to the defining characteristics of the industry: high dynamics, short innovation cycles and intense competition. IONOS has been meeting these challenges with great success for many years. One of the key factors in the company's success and growth is its committed, competent employees and managers, who think entrepreneurially and act on their own responsibility. The company therefore attaches great importance to a sustainable and balanced strategy across all aspects of human resources: from employee recruitment to target group-specific entry and training formats, task-related qualification offers and support on individual career paths through to the development and long-term retention of managers, high potentials and top performers.

IONOS is once again a recognized top employer in 2023. Based on an independent study by the "Top Employers Institute", IONOS was awarded the "TOP Employer" accolade. The certification is awarded to companies that offer their employees attractive working conditions. The assessment is based on career opportunities, employer benefits, working conditions, training and development opportunities.

Headcount and personnel expenses

In the highly competitive market for specialists in the ITC sector, the IONOS Group has once again succeeded in filling key positions with top talent and thus doing justice to the expansion of its business. In addition to target-group-oriented employer marketing, cooperation with training and further education providers and the positive knock-on effect of the product brands, successful personnel development focuses on a candidate-friendly, competitive acquisition and selection process in the area of recruiting.

As at December 31, 2023, the number of employees increased by 2.8% or 117 employees to 4,364 (previous year: 4,247) compared to the previous year.

The number of employees in Germany increased by 2.6% or 61 employees to 2,387 employees as at December 31, 2023 (previous year: 2,326). In the foreign companies, the number of employees increased by 2.9% or 56 employees to 1,977 (previous year: 1,921).

Multi-period overview: Development of the number of employees by Germany / abroad (1); change compared to the previous year:

	2019	2020	2021	2022	2023	Change
Employees, total	3,417	3,632	4,003	4,247	4,364	2.8%
thereof in Germany	1,807	1,926	2,230	2,326	2,387	2.6%
thereof abroad	1,610	1,706	1,773	1,921	1,977	2.9%

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

Personnel expenses increased by 10.8% to € 274,173k in fiscal year 2023 (previous year: € 247,416k). The personnel expenses ratio increased slightly to 19.3%.

in €k	2019	2020	2021	2022	2023	Change
Personnel expenses	181,473	200,287	234,954	247,416	274,173	10.8%
Personnel expense ratio	19.6%	20.3%	21.3%	19.1%	19.3%	0.6%

Average annual revenue per employee in relation to the number of employees amounted to approximately € 331k for the 2023 fiscal year (previous year: approximately € 309k)

Diversity

IONOS stands for a corporate culture that values diversity. After all, only a workforce that reflects the many facets of society can provide the ideal conditions for creativity and productivity and make employees - and the company itself - unique. This unique diversity creates an incomparable potential for ideas and innovation, which increases the company's competitiveness and offers opportunities for everyone.

At IONOS, all employees should experience appreciation and equal opportunities, regardless of nationality, ethnic origin, religion or ideology, gender and gender identity, age, disability, sexual orientation and identity. The aim is to find the field of activity and function for each employee in which their individual potential and talents can be utilized to the fullest extent possible.

Period overview: Employees by gender [(1)]

	2022	2023
Woman	1,323	1,401
Men	2,923	2,960
Divers	1	3

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

The average age per employee at IONOS was around 37 years at the end of the 2023 fiscal year (previous year: 38 years).

Multi-period overview: age structure of employees [(1)]

	2022	2023
% < 30 years	27.4%	28.0%
% 30-50	60.7%	59.7%
% ≥ 50 years	11.9%	12.3%

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

IONOS employees work in an international environment at around 40 locations worldwide.

Multi-period overview: Employees by country [(1)]

	2022	2023
Employees, total	4,247	4,364
thereof Germany	2,326	2,387
thereof France	7	8
thereof UK	246	273
thereof Austria	64	69
thereof Philippines	468	464
thereof Poland	352	339
thereof Romania	242	261
thereof Spain	422	445
thereof USA	120	118

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

For further information on topics such as "HR strategy and organization", "training and development", "diversity and equal opportunities" and "occupational health and safety", please refer to the Sustainability Report of IONOS Group SE.

Liquidity and financing

Group financing is primarily geared towards the strategic business plans of the operating business units. In order to provide sufficient flexibility for further growth, IONOS therefore constantly monitors trends in the financing options available on the financial markets. Various financing options as well as potential for optimizing existing financing instruments are regularly reviewed. The current focus is on ensuring sufficient liquidity and the financial independence of the Group. In addition to its strong internal financing power, the Group maintains sufficient liquidity reserves with core banks and is involved in cash pooling with United Internet AG. The flexible utilization of liquidity reserves enables efficient management of the Group's liquidity, optimal debt management to reduce interest costs.

As part of a partial refinancing of the existing loans to United Internet AG, IONOS Holding SE agreed a loan of € 800,000k with a bank consortium as of December 15, 2023. The loan has a term of 3 years and is due at maturity.

Liabilities to banks amounted to € 797,587k as at the balance sheet date of December 31, 2023 (previous year: € 0k).

The existing shareholder loan from United Internet AG will be repaid as scheduled. As part of the external financing, a special repayment of € 800,000k was made. The remaining debt from the shareholder loan therefore amounts to€ 350,000k.

2.3 Position of the Group

Group’s earnings position

The number of paying customers increased by a total of 190k in the 2023 fiscal year to 6.19 million customers as at December 31, 2023.

Total revenue (sum of revenue from contracts with customers and revenue with related parties) at IONOS increased by 10.1% in the 2023 fiscal year, from € 1,292,961k in the previous year to € 1,423,734k. The increase is mainly due to the positive development of new customer business as well as higher revenue from the domain aftermarket business and from cross-selling and upselling to existing customers, particularly with email and cloud/VPS server products. In addition, the continuous expansion of business with cloud infrastructure and services as well as effects from price increases in the second half of the year contributed to the increase in revenue.

Of the sales revenues with third parties at IONOS, € 654,749k (previous year: € 623,248k) were generated abroad.

Revenues with affiliated companies amounting to € 45,531k (previous year: € 48,471k) mainly result from internal cost allocation. IONOS provides general services for Group companies of the United Internet Group in the areas of development, sales, data center and product management.

In the fiscal year, revenue from contracts with customers amounted to € 1,378,203k (previous year: € 1,244,490k), of which € 1,228,896k (previous year: € 1,112,676k) was attributable to product revenue from the Web Presence & Productivity business area and € 149,307k (previous year: € 131,814k) from the Cloud Solutions business area.

Multi-period overview: development of key cost items

in €k	2019	2020	2021	2022	2023
Cost of sales	417,232	450,675	535,401	698,247	737,938
Cost of sales ratio	45.2%	45.6%	48.5%	54.0%	51.8%
Gross margin	54.8%	54.4%	51.5%	46.0%	48.2%
Selling expenses	232,957	238,977	265,132	296,168	318,647
Selling expenses ratio	25.2%	24.2%	24.0%	22.9%	22.4%
Administrative expenses	72,596	70,128	77,037	87,616	97,144
Administrative expenses ratio	7.9%	7.1%	7.0%	6.8%	6.8%

The cost of sales increased at a slower rate than revenue from € 698,247k (54.0% of total revenue) in the previous year to € 737,938k (51.8% of total revenue) in the 2023 fiscal year. The gross margin increased slightly from 46.0% to 48.2%. The gross profit increased by 15.3% from € 594,714k to € 685,796k.

Selling expenses amounting to € 318,647k (22.4% of total revenue) increased slightly less than total sales compared to the previous year at € 296,168k (22.9% of total revenue). The change is mainly due to an increase in personnel expenses to € 131,505k (previous year: € 112,293k).

Administrative expenses also increased at a lower rate than total sales from € 87,616k in the previous year (6.8% of total revenue) to € 97,144k (6.8% of total revenue), partly as a result of increased personnel expenses to € 32,473k (previous year € 26,028k). Legal and consulting costs, which in the previous year were mainly characterized by expenses for external consulting services as part of the IPO preparations, developed in the opposite direction.

Overall, the disproportionately low cost development is mainly due to economies of scale.

Other operating expenses amounted to € 14,799k in fiscal year 2023 (previous year: € 18,229k) and mainly include expenses from foreign currency translation of € 10,062k (previous year: € 13,862k) and expenses relating to other periods of € 1,039k (previous year: € 1,102k).

Impairment losses on receivables and contract assets increase from € 8,603k to € 14,145k in 2023, primarily due to increased losses on receivables and increased impairments on receivables in the context of the weakening overall economic environment.

Other operating income increased to € 36,411k in the 2023 fiscal year (previous year: € 23,923k). The 52.2% increase in other operating income is mainly due to the increase in prior-period income. This includes income from the charging on of IPO costs in the amount of € 11,719k (previous year: € 0k).

The result from operating activities increased by 33.4 % from € 208,021k in the previous year to € 277,472k.

Financing expenses decreased to € 93,784k in the 2023 fiscal year (previous year: € 105,968k). The decrease in financial expenses is mainly due to a decrease in interest expenses to United Internet AG to € 80,112k (previous year: € 90,702k) and a decrease in the subsequent measurement of the purchase price liability in connection with the acquisition of Strato AG to € 7,815k (previous year: € 10,908k).

Financial income increased to € 31,875k in the 2023 fiscal year (previous year: € 9,843k). This increase is due to the subsequent measurement of the purchase price liability in connection with the acquisition of Strato AG (€ 30,695k; previous year: € 8,786k).

Earnings before taxes increased from € 112,008k in the previous year to € 215,312k in the 2023 fiscal year.

The increase in tax expenses from € 37,636k to € 41,066k has a slightly negative impact on the overall consolidated result.

The consolidated net income attributable to the shareholders of IONOS increased by 136.2% from € 73,772k in the previous year to € 174,231k. The main effects here were the € 91,082k increase in gross profit and the € 22,032k rise in financial income. This was offset primarily by the effects of the € 39,691k increase in the cost of sales and the € 22,479k increase in selling expenses.

Group EBITDA increased by 20.3% from € 320,353k in the previous year to € 385,380k due to sales growth and a higher margin.

The company's adjusted EBITDA also increased in the 2023 fiscal year compared to the previous year and amounted to € 390,296k (previous year: € 345,646k).

Adjusted EBITDA is calculated as follows:

T€	2023	2022	2021
Operating result	277,472	208,021	213,651
Depreciation and amortization of intangible assets and property, plant and equipment	107,908	112,332	112,650
EBITDA	385,380	320,353	326,301
Adjustment for LTIP	5,879	4,208	12,788
Adjustment for stand-alone activities	9,478	13,048	11,833
Adjustment for IPO costs	- 11,719	8,829	2,951
Adjustment for consulting fees incurred for one-off projects	0	1,118	1,303
Adjustment for sale of shares	0	- 1,910	0
Adjustment for severance payments	1,278	0	0
Total adjustments	4,916	25,293	28,875
Adjusted EBITDA	390,296	345,646	355,176

Adjustments to EBITDA in the 2023 fiscal year relate to:

- LTIP adjustment: expenses for employee participation programs in the amount of € 5,879k (previous year: € 4,208k)
- Adjustment of stand-alone activities: Expenses for the establishment of stand-alone activities of € 9,478k (previous year: € 13,048k). This relates to costs in connection with the preparation of our separation from the United Internet Group - in particular the billing systems operated by 1&1 Telecommunication SE and the associated services - and the establishment of IONOS Group as an independent group (billing carve-out project).
- Adjustment IPO costs: Includes external costs incurred in connection with the IPO. In the 2023 fiscal year, this includes the income from passing on the costs incurred in connection with the IPO to the shareholders United Internet and Warburg Pincus.
- Adjustment for severance payments: Expenses for severance payments in the amount of € 1,278k (previous year: € 0k). Includes costs in connection with reorganization and restructuring measures.
- Adjustment for consulting costs and one-off projects: Consulting costs for one-off projects amounting to € 0k (previous year: € 1,118k), which were incurred for external consulting companies providing support for special projects. Special projects are in particular, but not exclusively, projects relating to M&A/capital market, restructuring and complex accounting projects.

- Adjustment for sale of shareholdings: Income from the sale of minority or majority shareholdings in the amount of € 0k (previous year: € 1,910k). Includes only the accounting income from the deconsolidation of the minority interest Intellectual Property Management Inc.

Other comprehensive income increased from € -5,307k in the previous year to € 5,322k in the 2023 fiscal year and in 2023 relates exclusively to the change in currency differences of € 5,322k (previous year: € 5,307k).

Group's financial position

In order to better reconcile EBITDA and free cash flow, the Group has adjusted the interest payments in the cash flow statement and no longer presents them in operating cash flow, but in cash flow from financing activities. As interest expenses are not included in EBITDA - which serves as a measure of operating earnings and excludes interest, taxes, depreciation and amortization - the inclusion of interest payments in operating cash flow can lead to a distortion in the presentation of actual operating performance.

By reclassifying interest payments to the financing section of cash flow, the company's financial results are better presented and greater consistency is achieved between EBITDA and free cash flow. In addition, the interest portion of the repayment of lease liabilities has been eliminated, which now allows the entire outflow of interest payments to be presented in one line.

This measure thus contributes to a more transparent presentation of the company's financial performance and illustrates the company's ability to repay its debts. In addition, a transparent and comparable presentation of the cash flow can be created, which gives investors and other stakeholders an understanding of the company's financial performance.

The operative cash flow increased from € 268,226k in the previous year to € 309,864k in the 2023 fiscal year due to the significant increase in consolidated net income. The payment from shared based payment programs as part of the IPO of IONOS Group SE, the slight increase in deferred taxes and cash changes in the purchase price derivative had the opposite effect. The higher consolidated net income is largely driven by the increase in gross profit, which benefited from the general increase in sales from existing and new customers and the scalability of the business model on the one hand and from the lower purchase prices for energy on the other.

The cashflow from operating activities in the 2023 fiscal year increase from € 275,466k in the previous year to € 314,496k. This was mainly due to a sharp increase in cash flow from operating activities compared to the previous year.

The cash flow from investing activities in fiscal year 2023 shows net payments of € -114,166k (previous year: net payment of € -110,568k). The change is mainly due to higher cash outflows as part of cash pooling amounting to € 27,502k (previous year: € 19,326k) and payments in connection with company acquisitions amounting to € 4,416k (previous year: € 0k). In contrast, payments from investments in intangible assets and property, plant and equipment decreased from € 97,060k in the previous year to € 81,699k in the 2023 fiscal year.

In addition to the repayment of loans in the amount of € 895,000k (previous year: € 70,302k), the development of cash flow from financing activities in the 2023 fiscal year (net payment of € 204,524k) was determined by taking out a loan in the amount of € 800,000k to refinance existing loans to United Internet AG.

Cash and cash equivalents amounted to € 22,652k as at December 31, 2023 - compared to € 26,440k as at the previous year's reporting date.

As at December 31, 2022, non-current liabilities to related parties comprised a vendor loan of € 819,000k for the acquisition of shares in IONOS SE and a loan of € 350,000k for the acquisition of shares in STRATO

AG. Both loans bore interest at 6.75% p.a. and had a term until December 31, 2026. Both loans were unsecured. In addition, there was a long-term loan liability to United Internet AG in the amount of € 76,000k. The loan was granted for the acquisition of shares in World4You Internet Service GmbH. It bore interest at 5.0% p.a.

On January 27, 2023, these three loans were combined to form a loan in the total amount of € 1,245,000k, which bears interest at 6.75% p.a. and has a term until December 15, 2026. The loan to banks concluded on December 15, 2023 was used in full to repay the long-term loan from United Internet AG, bears interest at 4.67% p.a. and matures on December 15, 2026.

The non-current financial liabilities are due to related parties in the amount of € 350,000k (previous year: € 1,245,000k) between IONOS Holding SE and United Internet AG as well as a loan to a bank consortium in the amount of € 800,000k (previous year: € 0k).

The ability of IONOS to meet its payment obligations from the main financing arrangements is secured by the positive operating cash flow and the internal cash pooling system of the United Internet Group.

Development of the key cash flow figures:

in €k	2022	2023	Change
Operative cash flow	268,226	309,864	15.5%
Cash flow from operating activities	275,466	314,496	14.2%
Cash flow from investing activities	- 110,568	- 114,166	3.3%
Free Cashflow [1]	167,846	219,438	30.7%
Cash flow from financing activities	- 189,047	- 204,524	8.2%
Cash and cash equivalents at end of period	26,440	22,652	- 14.3%

[1] Free cash flow is defined as net cash inflows from operating activities, less investments in intangible assets and property, plant and equipment, plus cash inflows from disposals of intangible assets and property, plant and equipment

Group’s asset position

The Group's total assets increased from € 1,541,505k as at December 31, 2022 to € 1,596,265k as at December 31, 2023.

Development of current assets:

in €k	2022	2023	Change
Cash and cash equivalents	26,440	22,652	- 3,788
Trade accounts receivable	66,628	73,512	6,884
Receivables from related parties	27,964	63,094	35,130
Contract assets	8,128	8,235	107
Inventories	162	69	- 93
Prepaid expenses	23,779	25,530	1,751
Other financial assets	12,377	28,313	15,936
Other non-financial assets	966	658	- 308
Income tax claims	9,918	2,722	- 7,196
Total current assets	**176,362**	**224,785**	**48,423**

Current assets increased from € 176,362k as at December 31, 2022 to € 224,785k as at December 31, 2023. This is mainly due to increased receivables as part of rising sales and an increased share of the Aftermarket business in total revenue.

Receivables from related parties increased from € 27,964k to € 63,094k in the 2023 fiscal year, mainly as a result of the increase in receivables from the cash pool with United Internet AG.

Trade receivables increased by € 6,884k to € 73,512k as at the reporting date (previous year: € 66,628k) in connection with the increase in revenue.

Income tax claims decreased from € 9,918k in the previous year to € 2,722k.

Development of non-current assets:

in €k	2022	2023	Change
Investments in associated companies	2,423	4,279	1,856
Receivables from finance leases	3,178	2,851	- 327
Other financial assets	903	761	- 142
Property, plant and equipment	322,286	321,661	- 625
Other intangible assets	178,826	164,174	- 14,652
Goodwill	820,844	826,271	5,427
Contract assets	1	9	8
Prepaid expenses	8,573	13,628	5,055
Deferred tax assets	28,109	37,846	9,737
Total non-current assets	**1,365,143**	**1,371,480**	**6,337**

Non-current assets increased from € 1,365,143k as of December 31, 2022 to € 1,371,480k as at December 31, 2023.

Shares in associates increased from € 2,423k in the previous year to € 4,279k as at December 31, 2023 as a result of the purchase of the shares in Street Media GmbH and the development of existing investments.

Property, plant and equipment decreased from € 322,286k to € 321,661k. Investments of € 84,718k were offset by depreciation of € 82,751k and asset disposals of € 2,754k.

Intangible assets decreased from € 178,826k to € 164,174k, mainly due to the ongoing amortization of software and the customer base. Goodwill increased from € 820,844k in the previous year to € 826,271k as at December 31, 2023 due to exchange rate effects.

Development of current liabilities:

in €k	2022	2023	Change
Trade accounts payable	80,324	89,227	8,903
Liabilities to related parties	6,570	6,292	- 278
Liabilities due to banks	0	1,125	1,125
Income tax liabilities	19,471	21,982	2,511
Contract liabilities	74,375	84,645	10,270
Other provisions	594	888	294
Other financial liabilities	97,657	67,947	- 29,710
Other non-financial liabilities	20,267	26,009	5,742
Total current liabilities	**299,258**	**298,115**	**- 1,143**

Current liabilities decrease slightly from € 299,258k as at December 31, 2022 to € 298,115k as at December 31, 2023.

Current contract liabilities amounting to € 84,645k (December 31, 2022: € 74,375k) primarily include payments from customer contracts for which the service has not yet been provided in full.

Current other financial liabilities decreased from € 97,657k in 2022 to € 67,947k in 2023, mainly due to the subsequent measurement of contingent purchase price liabilities (€ -27,297k).

Development of non current debt:

in €k	2022	2023	Change
Liabilities due to banks	0	796,462	796,462
Liabilities to related parties	1,245,000	350,000	- 895,000
Deferred tax liabilities	38,470	33,652	- 4,818
c	0	0	0
Contract liabilities	1,099	1,929	830
Other provisions	4,203	3,262	- 941
Other financial liabilities	115,655	115,626	- 29
Total non-current liabilities	**1,404,427**	**1,300,931**	**- 103,496**

Non-current liabilities decreased from € 1,404,427k as of December 31, 2022 to € 1,300,931k as at December 31, 2023. Deferred tax liabilities decreased from € 38,470k in the previous year to € 33,652k. Taking deferred tax assets and deferred tax assets together, there is a deferred tax asset surplus of € 4,194k in the 2023 reporting year, compared to a deferred tax liability surplus of € 10,361k in the previous year. This change is mainly due to the following factors:

- Increase in deferred tax assets on interest carryforwards by € 30,697k.
- Decrease in deferred tax assets and increase in deferred tax liabilities by € 3,471k due to deviating valuations of various tangible and intangible assets in the tax balance sheet.
- Decrease in deferred tax liabilities from amortization of intangible assets in connection with company acquisitions by € 5,847k.
- Decrease in deferred tax assets from provisions for LTIP by € 15,821k.

Development of equity:

in €k	2022	2023	Change
Issued capital	360	140,000	139,640
Reserves	- 136,644	- 122,222.	14,422
Currency translation adjustment	- 26,019	- 20,697	5,322
			0
Equity attributable to shareholders of the parent company	- 162,303	- 2,919	159,384
Non-controlling interests	123	138	15
Total equity	**- 162,180**	**- 2,781**	**159,399**

Despite the negative equity, IONOS is positioned under the going concern assumption, as

- IONOS or the previous IONOS SE Group (before the upward expansion of the Group) has achieved positive results in the past,
- IONOS will continue to achieve positive results in the future in line with corporate planning and

- IONOS or the previous IONOS SE Group (prior to the upward expansion of the Group) was able to secure financing at all times in the past (including via its main shareholder United Internet AG) and expects to do so in the future as well.

On this basis, IONOS can meet its financial obligations at all times.

Net liabilities due to banks (i.e. the balance of liabilities due to banks and cash and cash equivalents) amounted to € 774,935k as at December 31, 2023 due to the first-time external financing. In the 2022 fiscal year, net cash and cash equivalents amounted to € 26,440k. The relative indebtedness amounts to 2.01.

No disclosure pursuant to Section 160 (1) No. 2 AktG is required as the IONOS Group does not hold any treasury shares as at the balance sheet date.

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

Based on the positive macroeconomic development in the core sales markets of IONOS, which is also expected by the International Monetary Fund (IMF), the ongoing digitization of small and medium-sized enterprises and the forecast growth in the cloud business, the Management Board of IONOS Group SE remains optimistic about the future, also due to the stable and predominantly subscription-based business model.

The Group's development during the coronavirus pandemic, but also in the course of the war in Ukraine, has shown that the IONOS business model is relatively independent of the economy and that even the contact restrictions that prevailed during the coronavirus pandemic had no direct negative impact on the company's development. On the contrary, IONOS succeeded in further increasing its customer base in the 2022 and 2023 fiscal years and even accelerated customer growth by expanding its marketing activities in its core markets. The increase in certain types of costs as a result of a global shortage of supply and rising inflation rates will only have a temporary impact on the company's profitability and will be passed on to customers in the medium term through targeted price increases. The company's adjusted EBITDA increased by 12.9% to € 390,296k in the 2023 fiscal year (previous year: € 345,646k).

IONOS will continue this business policy of recent years in the coming years. In the 2024 fiscal year, the current target markets in the area of Web Presence & Productivity and Cloud Solutions are to be further developed. In addition to development in the core business of Web Presence & Productivity, the focus will be on the further expansion of our cloud product portfolio, both for SMEs and in the public sector. This, combined with the further expansion of existing customer relationships by explicitly promoting the activation of certain products specifically tailored to the profile of the respective customer, will ensure further growth through both new and existing customers.

Overall, the Management Board believes that IONOS Group SE is very well positioned for the company's future development, both as of the reporting date for the 2023 fiscal year and at the time this combined management and Group management report was prepared.

2.4 Position of the Company

Earnings of IONOS Group SE

IONOS Group SE is a holding company and generated revenue in the 2023 fiscal year. Total revenue amounted to € 3,243k in the 2023 fiscal year (previous year: € 885k) and resulted exclusively from revenue with affiliated companies and from internal cost allocation. The costs of the Management Board members are primarily passed on to IONOS Holding SE.

The company's other operating income amounted to € 34,917k in the 2023 fiscal year (previous year: € 218k). It mainly includes income from the reversal of provisions in the amount of € 15,997k (previous year: € 44k), prior-period income in the amount of € 11,949k (previous year: € 123k), income from the re-charging of IPO costs to the company's shareholders in the amount of € 6,002k (previous year: € 0k) and income from internal recharges in the amount of € 960k (previous year: € 34k). Income relating to other periods mainly includes income from the passing on of IPO costs from previous years to the company's shareholders.

The personnel expenses of IONOS Group SE amounted to € 10,085k in the 2023 fiscal year (previous year: € 525k). The personnel expenses relate to the remuneration of the current members of the Management Board of IONOS Group SE.

The company's other operating expenses amounted to € 18,858k in the fiscal year (previous year: € 9,556k) and mainly include expenses for external work in the amount of € 7,967k (previous year: € 313k), expenses for consulting costs of € 4,602k (previous year: € 7,613k), expenses relating to other periods in the amount of € 1,003k (previous year: € 56k) and for financial statement and audit costs of € 843k (previous year: € 1,413k).

The operating result of IONOS Group SE amounted to € 9,216k as at the reporting date (previous year: € -8,978k) and was significantly influenced by the change in other operating income.

The income from loans of the company in the amount of € 37k (previous year: € 37k) relates exclusively to interest on the loan to IONOS Holding SE.

The interest expenses of IONOS Group SE amounting to € 3,833k (previous year: € 40k) mainly include expenses of € 3,605k (previous year: € 0k) in connection with taking out a syndicated loan by IONOS Holding SE. The fees from the syndicated loan were paid in full by the reporting company.

The company's net profit for the fiscal year amounted to € 5,405k (previous year: net loss of € 8,980k).

Assets and financial position of IONOS Group SE

IONOS Group SE's total assets increased from € 525,089k in the previous year to € 531,055k in the 2023 fiscal year. The main effects of this are explained below.

The company's financial assets did not change in comparison to the previous year (€ 520,160k) and therefore corresponded to 97.95 % (previous year: 99.06 %) of the balance sheet total.

The current assets of IONOS Group SE increased from € 4,929k to € 10,878k as of the balance sheet date. The increase mainly relates to receivables from affiliated companies (€ +3,724k) and other receivables (€ +2,225k).

The company's receivables and other assets increased from € 4,929k to € 10,877k. This is due to the € 3,724k increase in receivables from affiliated companies and the € 2,225k increase in other receivables. Receivables from affiliated companies mainly include receivables from the VAT group. Other receivables consist of the on-charging of IPO costs to the minority shareholder WP XII Venture Holdings II SCSP in the amount of € 2,238k (previous year: € 0k).

The equity of IONOS Group SE increased from € 510,498k to € 515,903k in the 2023 fiscal year due to the net income generated. The equity ratio was therefore 97.15% as at December 31, 2023 (previous year: 97.22%).

The provisions of IONOS Group SE relate exclusively to other provisions and have increased from € 4,871k to € 9,609k.

In the previous year, the tax provisions of € 0k (previous year: € 1,330k) related exclusively to the sales tax risk that input tax on consulting expenses relating to the IPO is not deductible when reporting input tax. The provision was largely utilized in 2023.

Other provisions mainly include personnel provisions in the amount of € 8,701k (previous year: € 413k) and costs for the financial statements and audit in the amount of € 697k (previous year: € 323k). The increase in other provisions mainly relates to provisions for share-based payments for members of the company's Management Board in the amount of € 7,709k. These provisions were transferred from IONOS Holding SE and remeasured with no effect on income (€ +4,408k) and also recognized in the 2023 fiscal year due to new commitments (€ +3,301k).

The company's liabilities decreased from € 9,719k in the previous year to € 5,543k.

Trade accounts payables decreased from € 204k in the previous year to € 58k. The decrease mainly relates to liabilities to legal advisors in connection with the IPO.

Liabilities to related parties decreased from € 5,875k to € 437,. They mainly comprised liabilities from the VAT group of € 403k (previous year: € 533k).

Other liabilities mainly include VAT liabilities in the amount of € 4,982k (previous year: € 3,593k).

IONOS Group SE has been connected to the Group's own cash pool of United Internet AG via IONOS Holding SE since June 2022. IONOS Holding is integrated into the cash pool of United Internet AG and the financing of United Internet AG is in turn secured by long-term credit lines.

In addition, the company has concluded a long-term loan agreement (loan) with IONOS Holding SE. The loan amounted to € 364,100k as at the balance sheet date (previous year: € 364,100k). There are no plans to adjust the repayment terms.

By being included in IONOS Holding SE's cash pooling system, IONOS Group SE is able to meet its payment obligations at all times.

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

Due to its role as a holding company, the economic position of IONOS Group SE at the level of the separate financial statements is mainly influenced by the investment and financial result. In this respect, the overall statement of the Management Board on the economic situation of the Group also applies qualitatively to IONOS Group SE itself.

2.5 Non-financial key figures

The Management Board and Supervisory Board of IONOS see it as their duty to ensure the continued existence of the Group and sustainable value creation through responsible, long-term Group management. According to the Group's self-image, entrepreneurial action goes beyond the pursuit of economic goals and also includes an obligation to the Group, the environment, employees and other stakeholders.

IONOS fulfills its reporting obligation in accordance with the "Act to Strengthen Non-Financial Reporting by Companies in their Management and Group Management Reports" (CSR Directive Implementation Act, CSR-RUG; Sections 315b and 315c in conjunction with 289c HGB) and publishes a separate non-financial Group report as part of a separate sustainability report. In the sustainability report, the company also fulfills its reporting obligation in accordance with the EU Taxonomy Regulation 2020/852 of the European Parliament and discloses the proportion of environmentally sustainable business activities accordingly.

The Group faces up to this responsibility in a variety of ways. The most important aspects are summarized in the following sections and are published in the form of a sustainability report on the IONOS Group SE website (https://www.ionos-group.com/de/investor-relations/veroeffentlichungen/berichte.html).

Sustainable business policy / corporate responsibility

IONOS is committed to a sustainable business policy. This sustainability is reflected in particular in the high level of investment in customer relationships.

The number of paying customers was increased by a further 187k customers in the 2023 fiscal year. This growth resulted from 65k customers in Germany and 122k abroad. This brought the total number of customers to 6.19 million.

Group: Development of the customer base in the 2023 fiscal year (in millions)

	12/31/2023	12/31/2022	Change
Customers total	6.19	6.00	+0.19
thereof domestic	3.19	3.12	+0.07
thereof abroad	3.00	2.88	+0.12

In addition to acquiring new customers, the retention and loyalty of existing customers is the most important factor in expanding the customer base. The most important tool for IONOS is customer satisfaction. For this reason, structures and processes have been established to determine customer satisfaction and their wishes. The insights gained from this are used to identify potential for improvement and then implemented in specific measures to increase customer satisfaction (for example in the area of service or product quality).

In the interests of customer satisfaction, since October 2018, for example, all IONOS brand customers have been able to use a personal consultant free of charge as a central point of contact for all questions relating to the products, their contract and business success on the internet. IONOS thus accompanies companies through all phases of company development - from the homepage, store systems and own servers to the use of the enterprise cloud infrastructure developed in-house. Companies also have the option of using numerous cloud applications to support their business.

Employees

The Internet industry is characterized by high dynamics, short innovation cycles and global networking. IONOS, together with the entire United Internet Group, is meeting these challenges with great success.

IONOS had a total of 4,364 active employees as at December 31, 2023 (December 31, 2022: 4,247 active employees).

Green IT

In the wake of the global climate debate and constantly rising energy consumption, the computer industry is often talking about "green IT". In principle, the term "green IT" covers all measures that help to reduce both CO2 emissions and a company's energy consumption.

Today, the ICT sector makes a significant contribution to global value creation and is therefore a strong economic factor. At the same time, it is also a not insignificant CO2 emitter and requires a lot of electricity. For Internet service providers such as IONOS, this applies in particular to the data centers where many millions of cloud applications for private individuals and businesses are managed, and which are facing growing demand due to the advancing digitalization of the economy and society.

Since 2022, the IONOS Group has only used electricity from directly sourced renewable energy sources for its own data centers worldwide. The Group also attaches great importance to ensuring that the renewable energy is produced in close geographical proximity - i.e. usually in the same country or in a nearby area. IONOS has also been a certified Zero Carbon Committed Partner of VMware since the end of 2021. The initiative recognizes cloud providers who have committed to developing their services emission-free and to supplying 100% of their data centers with renewable energy by 2030.

In July 2023, IONOS published its Climate Strategy 2023, which is based on the standards of the Science Based Targets Initiative (SBTi) of the Paris Agreement on 1.5°C for data centers. Among other things, IONOS has set itself the goal of reducing carbon dioxide emissions from data centers by 55% by 2030 compared to 2019, sourcing 100% of its electricity requirements from renewable energy sources in the long term and generating renewable energy itself in 50% of its own data centers. The targets defined in the climate strategy are reviewed internally every year and are closely linked to the other general business objectives.

In 2018, the decision was made to introduce an energy management system (EnMS) in accordance with ISO 50001. The EnMS covers the IONOS Group's data centers, which it operates itself and in which it can control energy consumption accordingly. The application of the EnMS enables the continuous tracking of targets to increase energy efficiency and transparent traceability. The EnMS can therefore be used to identify and eliminate any energy wastage, which can save costs, and to identify and meet external requirements such as the performance of regular energy audits. The EnMS thus makes an important contribution to sustainability management and can have a positive impact on reputation and market position. The EnMS was successfully audited and recertified for the last time in 2022. The next regular recertification is planned for 2025.

Important building blocks with regard to saving energy within the global data centers include:

- Steady increase in utilization per server and thus reduction in the number of servers required.
- Early replacement of old servers with more modern, energy-efficient hardware.
- Some of the server hardware is specially assembled for IONOS, whereby superfluous components are avoided and, among other things, energy-saving processors and power supply units with low heat loss are used.
- The web hosting system used by IONOS is a highly optimized in-house development based on Linux, which makes it possible to manage data from thousands of customers on a single computer and thus make sensible use of resources.
- Virtualization allows "bare metal servers" to be increasingly replaced by virtual servers.
- The use of containers makes it possible to dispense with redundant operation of the operating system kernel, which is instead shared by all instances - this enables even greater "elastic" load-dependent scaling of the IT resources provided.

3. Risk, Opportunity and forecast report

IONOS' risk and opportunity policy is geared towards the goal of preserving and sustainably increasing the company's value by seizing opportunities and recognizing and managing risks at an early stage.

Risk and opportunity management in practice ensures that the company can conduct its business activities in a controlled corporate environment. Risk and opportunity management regulates the responsible handling of uncertainties that are always associated with entrepreneurial activity.

3.1 Risk report

Risk management

The concept, organization and task of risk management at IONOS are coordinated centrally by the parent company United Internet AG and documented in a Group-wide risk management strategy and risk management manual. These guidelines are constantly adapted to the changing legal framework and continuously developed. Group Risk Management coordinates the implementation and further development of the risk management system and is responsible for the centrally managed risk management process. Operational risk management, which is the responsibility of the Chief Financial Officer of IONOS Group SE, pursues the goal of managing the risks of the entire Group and also deals with specific risk issues of IONOS Group SE.

Regular risk manager meetings are held between the risk managers and with the company-wide, cross-divisional departments to exchange and compare risk information.

The Corporate Audit department (Internal Audit) of United Internet AG regularly reviews the functionality and effectiveness of the risk early warning system. The system complies with the legal requirements for an early risk detection system, is in line with the German Corporate Governance Code and is based on the features defined in ISO standard 31000:2018. In accordance with the provisions of the German Stock Corporation Act, the Supervisory Board reviews the effectiveness of the risk management system.

Methods and objectives of risk management

The risk management system comprises the measures that allow the company to identify potential risks that could jeopardize the achievement of corporate goals at an early stage through assessments and early warning systems, and to evaluate, manage and monitor them in monetary and scenario-oriented terms. The aim of risk management is to provide management with the greatest possible transparency regarding the actual risk situation, its change and the available options for action, in order to enable the conscious acceptance or avoidance of risks. Risks that could jeopardize the company must be avoided as a matter of principle.

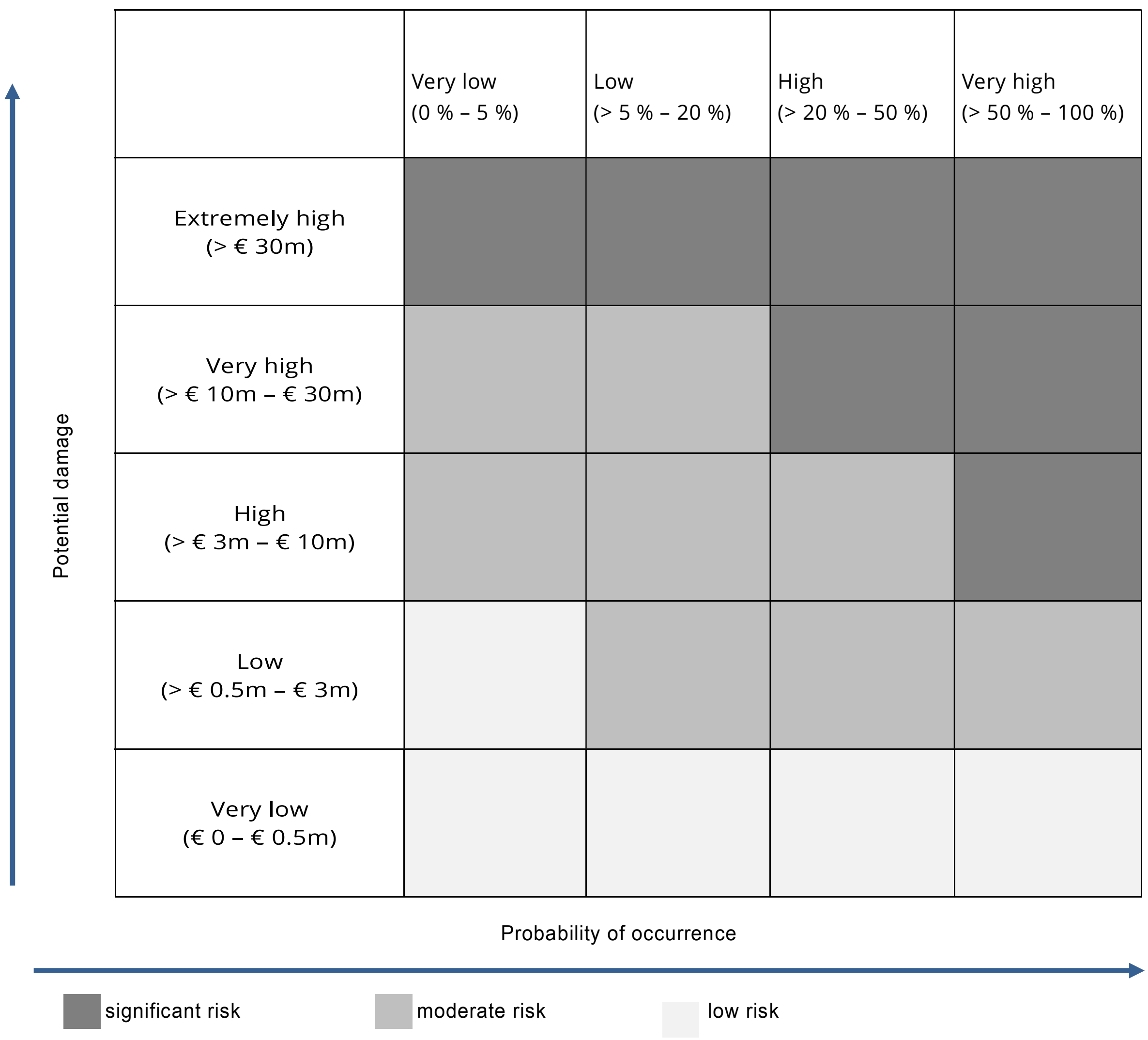
The status of material risks is communicated to the Management Board and Supervisory Board four times a year in the form of a report. An internal ad hoc reporting obligation is triggered in the event of identified, sudden material risks or a significant change in risk. The risk is then reported immediately to the CFOs of IONOS Group SE and United Internet AG and, if necessary, to the Supervisory Board. In this way, material risks can be addressed as quickly as possible.

Risks are assessed on a net basis, i.e. the effects of mitigating measures are only taken into account in the risk assessment once they have been implemented.

Risks for the IONOS

The assessment of the overall risk situation is the result of a consolidated consideration of all known material risks. From the totality of these risks identified in IONOS, the following sections explain the main risk areas from the Group's perspective.

The starting point for assessing the materiality of risks is the "probability of occurrence" and "potential loss". Potential damage includes all negative effects on earnings. Based on the combination of probability of occurrence and potential damage, the risks are categorized into three risk classifications: "Significant", "Moderate" and "Low risks".



Specific assessments by the Group's Executive Board of the risk situation and the probability of occurrence, potential damage and the resulting risk classification of the risks described below can be found at the end of this risk report.

Risks in the "Strategy" area

Participations & Investments

Acquiring and holding equity investments and making strategic investments are key success factors for IONOS. In addition to better access to existing and new growth markets and to new technologies/know-how, shareholdings and investments also serve to tap synergy and growth potential. These opportunities are also accompanied by risks. For example, there is a risk that the hoped-for potential cannot be exploited as expected or that acquired investments do not develop as expected (impairment, loss on disposal, loss of dividends or reduction in hidden reserves).

All investments are therefore subject to a continuous monitoring process by investment management and are supported promptly if necessary. The value of the investments made is continuously monitored by management and controlling.

IONOS is not currently aware of any significant risks in this area.

Business development & innovations

Another key success factor for IONOS is to develop new and constantly improved products and services in order to further increase sales and earnings, acquire new customers and expand existing customer relationships. There is a risk that new developments may be launched too late or not be accepted by the target group as expected.

IONOS counters these risks through intensive and permanent market, product and competition monitoring as well as product development that constantly responds to customer feedback.

Due to the reassessment of the risk situation, risks were closed, resulting in a reduction in the risk rating compared to the previous year.

Cooperation & Outsourcing

In some areas of the company, IONOS works with specialized cooperation and outsourcing partners. The focus here is on objectives such as concentrating on the actual core business, reducing costs or participating in the partner's expertise. These opportunities are accompanied by risks in the form of dependencies on external service providers as well as contractual and default risks.

To reduce these risks, a detailed market analysis and a due diligence review are carried out before concluding major contracts with external service providers and a close and cooperative exchange is maintained with the cooperation and outsourcing partners even after the contract has been concluded.

Organizational structure & decision-making

Choosing the right organizational structure is essential for the efficiency and success of the company. In addition to the organizational structure, business success is also largely dependent on making the right decisions. The basis for decisions can be negatively influenced by various factors, such as limited flexibility due to existing business processes and structures or misunderstandings caused by a lack of clarity in the definition of key figures. If efficiency is jeopardized by one or more factors, this represents a strategic risk for IONOS, which should be avoided if economically viable.

IONOS considers itself to be generally well positioned in this area due to the high level of agility in the organization and is taking a variety of measures to standardize and optimize processes, structures and key figures.

IONOS is not currently aware of any significant risks in this area.

Personnel development & retention

Highly qualified and well-trained employees form the basis for the economic success of IONOS. In addition to the successful recruitment of qualified personnel (see also "Recruitment market" risk), personnel development and the long-term retention of top performers in the company are of strategic importance. If it is not possible to develop and retain managers and employees with specialist or technological knowledge, there is a risk that IONOS will not be able to pursue its business activities effectively and achieve its growth targets. Due to a concentrated accumulation of strategic knowledge and skills (a so-called head monopoly), the loss of a relevant employee could have a significant impact on the Group's performance.

To counteract this, employee and management skills are constantly being developed. For example, targeted professional development measures, mentoring and coaching programs as well as special offers for high-potential employees are offered, which are geared towards the further development of talent and leadership skills.

Risks in the "Market" area

Sales market & competition

The IONOS markets are characterized by strong and sustained competition. Depending on the strategy of the parties involved in the market, different effects may occur, which may result in an adjustment of the company's own business models or pricing policy, among other things. The market entry of new competitors could also jeopardize market shares, growth targets or margins. In addition, the IONOS Group itself occasionally enters new, additional markets with major competitors. Such entrepreneurial decisions are always associated with new risks.

The Group attempts to minimize these risks with detailed planning based on internal experience and external market studies as well as by constantly monitoring the market and competition.

Procurement market

A gap in the procurement or supply of resources required for company operations can also lead to bottlenecks or failures. This applies to the purchase of hardware and software as well as the procurement of advance services. Price increases for purchased products and services pose a risk to the product margins that can be achieved. Planned positive effects from contractually fixed price adjustment rounds can turn into risks for the company's periodic target achievement due to delays.

IONOS counters these risks by working with several long-term service providers and suppliers, contractual obligations and - where economically viable - by expanding its own value chain. Although significant and unforeseeable developments on the procurement market, for example due to geopolitical tensions, cannot be fully cushioned, they can be counteracted by preventive measures such as the rapid replenishment of stocks.

The risk rating has risen from Moderate to Significant, as some service providers and license partners have announced price increases.

Financial market

IONOS is fundamentally exposed to risks on the financial market with its activities. This applies in particular to risks arising from changes in interest and exchange rates.

Interest

On the basis of liquidity planning, the company constantly reviews the various investment options for cash and cash equivalents and the terms of financial liabilities. Any financing requirements that arise are covered by means of suitable liquidity management instruments. Liquidity surpluses are invested in the money market in the best possible way. Changes in market interest rates can have an impact on net interest income and are included in the calculation of earnings-related sensitivities. To present market risks, IONOS uses a sensitivity analysis that shows the effects of hypothetical changes in relevant risk variables on earnings before taxes. The periodic effects are determined by relating the hypothetical changes in the risk variables to the portfolio of financial instruments on the balance sheet date. The company regularly reviews the conclusion of interest rate hedges in order to mitigate the negative effects of rising interest rates.

Currency

The currency risk of IONOS results primarily from operating activities (if sales revenue and / or expenses are denominated in a currency other than the Group's functional currency) and net investments in foreign subsidiaries.

Personnel recruitment market

It is of key importance to IONOS that human resources are managed effectively in order to ensure the short, medium and long-term need for employees and the necessary expertise. If it is not possible to recruit managers and employees with specialist technical and technological knowledge, IONOS would not be able to pursue its business activities effectively and achieve its growth targets.

As an employer, the IONOS Group believes it is well positioned to continue recruiting highly qualified specialists and managers with the potential to increase business success in the future. As in previous years, this was confirmed by the Top Employers Institute with the "Top Employer 2024" award.

Risks in the area of "provision of services"

Workflows & processes

Against the backdrop of the ever-increasing complexity and interoperability of the products on offer, there are growing demands for the further development of internal workflows and processes. This is accompanied by ever-increasing coordination and harmonization efforts. In addition to ensuring quality standards, the particular challenge here lies in adapting to the ever faster pace of market developments - in many different domestic and foreign markets.

The Group counters these risks by constantly developing and improving its internal workflows and processes, bundling and retaining experts and specialists in a targeted manner and continuously optimizing its organizational structures.

Information security

IONOS essentially realizes its corporate success in the Internet environment. Information and telecommunications technologies (data centers, transmission systems, switching nodes, etc.) that are heavily networked with the Internet and whose availability can be jeopardized by threats from the Internet are used to provide services as part of the business processes.

In order to be able to counter such risks increasingly quickly, the existing monitoring and alerting system, including the necessary processes and documentation, is being continuously optimized.

There is also the risk of a hacker attack with the aim of spying on customer data, deleting it or misusing services. An increasing professionalization of attackers and their attack methods was also observed in the

2023 fiscal year. According to the German Federal Office for Information Security (BSI), the number of new malware variants detected daily averaged 250,000 in the period from July 1, 2022 to June 30, 2023.

This risk is countered with the use of virus scanners, firewalling concepts, specially initiated tests and various technical control mechanisms.

The potential threats from the Internet represent one of the largest risk groups for IONOS in terms of their impact, which are controlled by a large number of technical and organizational measures. In particular, the operation and continuous improvement of the security management system and the constant expansion of the resilience of the systems should be mentioned here.

Capacity bottlenecks

Temporary or permanent shortages of technical resources, for example due to a temporary overload of systems or a lack of resources to operate the data centers, could jeopardize the planned provision of services and result in a corresponding loss of revenue. Risks from the procurement of resources such as products or services on the market are not taken into account here. These risks are part of the "procurement market" risk area.

To counter these risks, several internal warehouses are operated in the vicinity of the data centers, for example, in addition to close communication with energy suppliers and the emergency concepts agreed with them. Should outages occur, these can be compensated for at short notice thanks to 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 therefore the subject of corporate planning. If negative deviations from these plans become apparent during the implementation of a project, these are recorded as risks. In addition, projects can also involve risks that have no impact on the project itself, but which arise after the project (e.g. security vulnerabilities in new software code).

Risk-mitigating measures are already implemented during the project through active project management To reduce the aforementioned risks, in addition to maintaining the professional project management already in place, specialized training courses on project management are held regularly, for example to increase the aspects of security and data protection requirements. The stringent implementation of these measures reduced the risk classification in the fiscal year. The project objectives are also closely monitored by management and controlling.

Technical plant operation

The IONOS products and the business processes required for them are based on a complex technical infrastructure and a large number of mission-critical software systems (servers, customer administration databases, statistical systems, etc.). The constant adaptation to changing customer needs leads to an increasing complexity of this technical infrastructure, which has to be modified regularly. As a result, but also due to major changes such as migrations of data sets, a variety of disruptions or failures can occur. If, for example, service systems are affected, the Group may (temporarily) no longer be able to provide its customers with the promised service or no longer be able to provide it in full.

The Group counters these risks through targeted architectural adjustments, quality assurance measures and a spatially separated (geo-redundant) design of the core functionalities.

In addition, various software and hardware-based security measures are used to protect the infrastructure and availability. For example, risky actions or business transactions are not carried out by one employee alone, but in accordance with the "dual control principle". Manual and technical access restrictions also ensure that employees are only active in their areas of responsibility. As an additional security measure against data loss, existing data is regularly backed up and stored in geo-redundant data centers.

Risks in the area of compliance

Data privacy

IONOS stores its customers' data on servers certified to international security standards (ISO 27001) in company-owned and rented data centers. The handling of this data is subject to extensive legal requirements.

Nevertheless, it can never be completely ruled out that data protection regulations will be breached, for example due to human error or technical vulnerabilities. In such a case, there is a risk of fines and loss of customer trust.

The Group is aware of this great responsibility and attaches great importance and special attention to data protection. IONOS continuously invests in improving the level of data protection by using the latest technologies, constantly reviewing data protection and other legal requirements, offering a comprehensive data protection training program for employees and incorporating data protection aspects and requirements into product development as early as possible.

Compared to the previous year, there has been an increase in the "data protection" risk area. The reason for this increase is the greater risk awareness, which has led to an increased identification of risks in this field.

Misconduct & irregularities

Non-compliance or non-observance of social norms, trends and peculiarities can lead to misconduct and wrong decisions and thus to loss of revenue and revenue shortfalls. As an internationally active company, IONOS also faces the challenge of countering such negative factors in its internal procedures and processes through adequate management. Not every decision or business practice that is not objectionable from a legal perspective is also objectionable in the respective cultural, ethical or social context.

IONOS counters the risks of misconduct and non-compliance with a "culture of cooperation", the provision of a code of conduct, country-specific management and compliance as an integral part of the corporate culture, among other things.

The continuous implementation of measures has closed risks, which has led to a reduction in the risk classification in this area.

Legislation & regulation

Changes to existing legislation, the enactment of new laws and changes in government regulation may have unexpected negative effects on the business models pursued by IONOS and their further development. Price increases could have a negative impact on the profitability of tariffs. There is also the possibility that a lack of regulation could worsen the market environment for IONOS.

The regulatory risk is countered by active cooperation with several partners.

Litigation

IONOS is currently involved in various legal disputes and arbitration proceedings arising from its normal business activities. The outcome of legal disputes is inherently uncertain and therefore represents a risk. If the amount of the obligation can be reliably estimated, the risks from the legal disputes are taken into account in the provisions where necessary.

Tax risks

As an internationally operating group, you are subject to the tax regulations applicable in the respective countries. Risks can arise from changes to tax laws and case law as well as the different interpretations of existing regulations.

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

Compared to December 31, 2022, there has been an increase in the risk area from Moderate to Significant. This increase is due to newly gained insights into the development of country-specific laws, particularly for foreign business in connection with digital products.

Risks in the area of "Finance"

Financing

On the one hand, the Group's liabilities result directly from its business activities. On the other hand, there is a long-term debt-financed loan of € 800,000k and financing from the parent company United Internet AG in the amount of € 350,000k as of December 31, 2023.

IONOS also has derivative financial instruments, mainly in the form of contingent purchase price liabilities (€ 10,922k as of December 31, 2023). These are measured at fair value through profit or loss. Option price models are primarily used to measure the derivatives.

The aim of financial risk management is to limit risks through ongoing operating and finance-oriented activities. This also includes the financial covenants contained in the loans, which means that the risk of utilization is considered to be very low.

Fraud & credit default

In order to take account of dynamic customer growth and the fastest possible provision of services, IONOS' ordering and provisioning processes are largely automated - as is the case with many large companies in the mass market business. These automated processes naturally offer opportunities for fraudsters to attack. Due to the high attractiveness of the products and services offered, the risk of an increase in the number of non-payers and fraudsters increases alongside the number of customers.

The Group attempts to avoid or at least recognize and prevent fraud attacks at an early stage through the permanent expansion of fraud management, close cooperation with partners and appropriate product design.

Liquidity

The liquidity risk of IONOS is that the company may not be able to meet its financial obligations, such as the repayment of financial liabilities. The company's aim is to continuously cover its funding requirements and ensure flexibility, including through the use of overdraft facilities and loans.

In cash management, cash requirements and surpluses are determined centrally throughout the Group. The number of external banking transactions is reduced to a minimum by netting requirements and surpluses within the Group. This is achieved through the use of cash pooling procedures, among other things. The Group has established standardized processes and systems to manage its bank and internal clearing accounts and to carry out automated payment transactions.

Risks in the area of "Acts of God“

External events such as natural disasters (earthquakes, floods, tsunamis, war, etc.), personnel crises (pandemics, strikes, etc.), infrastructural crises (power outages, damage to roads, etc.) or violent events (rampages, terrorist attacks, war, etc.) may disrupt business operations.

IONOS counters these risks as far as possible with a variety of different measures. Examples include the establishment of building access restrictions, the operation of geo-redundant data centers, hygiene precautions and the development of emergency concepts.

The latter has gained in importance due to increasing geopolitical tensions. IONOS has taken this as an opportunity to revise its existing security measures and concepts and, if necessary, adapt them to the higher threat levels.

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, the war in the Middle East is also contributing to increased uncertainty about the economic future. The Management Board of IONOS 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 constant monitoring of supply chains or diversified procurement strategies to ensure a secure and fair energy supply.

IONOS, whose business activities are not active in the countries involved in the wars, is nevertheless confronted with the indirect effects. Against the backdrop of the security threat posed by the war in the Middle East and the war in Ukraine, particularly in the area surrounding the access and transit of the Suez Canal, and the potential indirect impact on global business operations, IONOS has developed proactive risk management and mitigation strategies:

- Cybersecurity risks: In light of the increased cyber security threats associated with the wars in the Middle East and Ukraine, the company is stepping up its investment in cyber security measures. These include the use of advanced monitoring techniques, conducting regular security audits and training its employees to strengthen its defenses against cyber attacks.
- 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 access and transit 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 operational managers will closely monitor further developments and initiate appropriate countermeasures where necessary (if possible).

Management Board’s overall assessment of the Group’s risk position

The assessment of the overall risk situation is the result of a consolidated view of all material risk areas and individual risks.

- From today's perspective, the greatest challenges include the risk areas of "information security", "tax risks", "procurement market", "technical plant operation" and "data protection", "Acts of God" and legislation & regulation“.
- Due to the reassessment of the risk situation in the area of domain trading, the risk classification of the "Business development & innovation" risk area was reduced from moderate to low compared to December 31, 2022.
- The risk rating for the "Procurement market" risk area has risen from Moderate to Significant. This is due to the threat of higher prices for services and licenses.

- Due to the successes achieved in improving organizational structures, the risk area "Projects" was reduced from Moderate to Low.
- Compared to the previous year, there has been an increase in the "data protection" risk area. The reason for this increase is the greater risk awareness, which has led to an increased identification of risks in this area.
- The risk area "Misconduct & irregularities" was downgraded from moderate to low compared to the previous year. The main reason for this is the successful implementation of measures.
- In the "Tax risks" risk area, there was a reassessment from Moderate to Significant. The reason for this increase lies in the ever-increasing demands made by legislators on providers of digital products.
- Otherwise, the risk classifications of the risk areas of IONOS as at December 31, 2023 remained unchanged compared to December 31, 2022.

By continuously expanding its risk management, IONOS counters risks and limits them to a minimum by implementing specific measures where economically viable.

The overall risk situation of IONOS has increased compared to the previous year, which is mainly due to the aforementioned valuation increases in the risk areas "Procurement market" and "Tax risks".

The opportunities available to IONOS were not taken into account when assessing the overall risk situation.

In the 2023 fiscal year and as at the date of preparation of this management report, there were no identifiable risks to IONOS as a going concern, neither from individual risk positions nor from the overall risk situation.

Probability of occurrence, potential damage and risk classification of risks:

	Probability of occurrence	Potential damage	Risk classification	Change compared to previous year
Risks in the "Strategy" area				
Participations & Investments	Currently no significant risks		Low	Unchanged
Business development & innovations	Low	Very low	Low	Improved
Cooperation & Outsourcing	Low	Very high	Moderate	Unchanged
Organizational structure & decision-making	Currently no significant risks		Low	Unchanged
Personnel development & retention	High	High	Moderate	Unchanged
Risks in the "Market" area				
Sales market & competition	Low	Very high	Moderate	Unchanged
Procurement market	Very high	Very high	Significant	Deteriorated
Financial market	Very high	Low	Moderate	Unchanged
Recruitment market	Very	Low	Moderate	Unchanged
Risks in the area of "service provision"				
Workflows & processes	Low	High	Moderate	Unchanged
Information security	Very low	Extremely high	Significant	Unchanged
Capacity bottlenecks	Low	High	Moderate	Unchanged
Projects	High	Very low	Low	Improved
Technical plant operation	Very low	Extremely high	Significant	Unchanged
Risks in the area of "compliance"				
Data protection	Very low	Extremely high	Significant	Deteriorated
Misconduct & irregularities	Very low	Very low	Low	Improved
Legislation & regulation	Very low	Extremely high	Significant	Unchanged
Litigation	Very low	Very high	Moderate	Unchanged
Tax risks	High	Extremely high	Significant	Deteriorated
Risks in the area of "Finance"				
Financing	Very low	Low	Low	Unchanged
Fraud & credit default	High	High	Moderate	Unchanged
Liquidity	High	Low	Moderate	Unchanged
Risks in the area of "Acts of God"				
Acts of God	Very low	Extremely high	Significant	Unchanged

↘ improved → unchanged ↗ deteriorated

3.2 Opportunity report

Opportunity management

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

Direct responsibility for the early and continuous identification, assessment and management of opportunities lies with the Management Board and the operational management level in the respective divisions.

The management of IONOS deals intensively with detailed evaluations, models and scenarios on current and future industry and technology trends, products, markets / market potential and competitors in the Group's environment. The potential opportunities identified in these strategic analyses are then analyzed, taking into account the critical success factors and the existing framework conditions and opportunities for IONOS, discussed in planning meetings between the Management Board, Supervisory Board and the managers responsible for operations and translated into concrete measures, targets and milestones.

The progress and success of the measures are monitored on an ongoing basis by those responsible for operations as well as by the Management Boards and managing directors of the companies.

Opportunities for IONOS

The stable and largely non-cyclical business model of IONOS ensures predictable sales and cash flows and thus opens up financial scope to exploit opportunities in new business areas and new markets - organically or through selective acquisitions and investments.

Use of artificial intelligence (AI)

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

However, companies such as IONOS also have a wide range of opportunities at product level to use AI to optimize existing products for their customers or to develop new products in the field of AI. For example, IONOS supports its customers in the creation of their website by using an AI website generator. This allows the customer to generate website suggestions independently and in a matter of seconds on the basis of a few details (such as industry and relevant keywords) - the AI takes care of design, images, texts and search engine optimization.

Broad strategic positioning in growth markets

IONOS has a strategic presence in a total of 18 markets in Europe and North America with a globally accessible platform. As a digitalization partner for small and medium-sized enterprises (SMEs), IONOS offers technology solutions in a large, robust and fast-growing market. In addition, IONOS is increasingly expanding its business in cloud solutions, thereby broadening its product portfolio and opening up additional growth opportunities. Growth is being driven by structural megatrends such as digitalization, including significant catch-up potential in internet presence, an ongoing shift from on-premise to cloud environments and the increasing use of artificial intelligence. The catch-up potential is particularly high for smaller SMEs.

Participation in market growth

Despite the uncertain economic environment, IONOS, like many leading industry analysts, expects positive development in the markets that are important for the company. IONOS is one of the leading providers in these markets. With its highly competitive cloud applications, strong and specialized brands, strong sales power and existing business relationships with over 6 million customers and the associated cross-selling and up-selling potential, IONOS is very well positioned to participate in future market growth.

Expansion of market positions

Today, IONOS is one of the leading companies in the web hosting sector in Europe and North America. Building on its existing technological expertise, high product and service quality, business relationships with millions of customers and strong customer loyalty, IONOS sees good opportunities to further expand its existing market share. Investments in the IONOS brand in particular have further consolidated the market position and laid the foundations for further growth.

Expansion of business areas

IONOS' core competencies also include recognizing customer wishes, trends and thus new markets at an early stage. The deep value chain - from product management, development and data center operations to effective marketing, powerful sales and active customer support - often enables IONOS to be faster to market with innovations than others and to market them powerfully thanks to the high cash generation in the existing business areas.

Thanks to the strong cash generation in the established business areas, IONOS is in a position to invest in new areas and take advantage of additional opportunities that arise. Over the past few years, the company has continuously invested in new products and solutions and thus future growth.

Broad value creation in the area of digitalization

IONOS covers the entire value chain with its wide range of products and services in the area of Web Presence & Productivity and Cloud Solutions. The products and solutions are developed in the company's own "Internet factories" or in cooperation with partner companies and are operated on servers in the company's own data centers. This enables IONOS to ensure high quality while reacting quickly and flexibly to its customers' digitalization needs or changing market situations, thereby acquiring new customers and retaining existing ones.

Internationalization

Web Presence & Productivity products and cloud solutions can be used worldwide and work according to the same rules in Frankfurt am Main as they do in London, Paris or New York. In the past, IONOS has already adapted products initially developed for individual countries, such as MyWebsite, to language and country-specific differences and successively rolled them out in other countries. Thanks to the good exportability of these products, IONOS is already active in numerous European countries (Germany, France, the UK, Italy, Spain, the Netherlands, Austria, Switzerland, Poland, Hungary, Romania, Bulgaria, the Czech Republic, Slovakia and Sweden) as well as in North America (Canada, Mexico, USA). Further countries and product rollouts will follow successively.

Overall statement by the Management Board on the opportunity situation

In view of the dynamic market development in the areas of Internet presence and cloud computing, the Group's growth opportunities are obvious: increasingly powerful Internet connections that are available everywhere and at all times enable new, more complex cloud applications. From today's perspective, these internet-based applications for private users, freelancers and small and medium-sized enterprises are the growth drivers for IONOS in the coming years.

The business model, which is primarily based on subscriptions - with fixed monthly amounts and contractually agreed terms - ensures stable and predictable sales and cash flows, offers the greatest possible protection against economic influences and opens up financial scope to exploit opportunities in new business areas and new markets - organically or through acquisitions and investments.

3.3 Forecast report

Expectations for the economy

In its World Economic Outlook of January 30, 2024, the International Monetary Fund (IMF) updated its forecasts for the development of global economies in 2024 and 2025. In view of the current fall in inflation and the recent upturn in growth, the IMF has raised its forecast for the global economy for 2024 from 2.9% to 3.1% (after 3.1% in 2023) as part of its update. Nevertheless, global economic growth will once again fall well short of the average figure of 3.8% in recent years. The IMF forecasts that the global economy will grow by 3.2% in 2025.

The IMF sees geopolitical tensions, particularly in the Middle East, which have already led to a significant increase in prices for freight shipments between Asia and Europe, as a risk.

The IMF's new forecasts for the North American target countries of IONOS, the USA, Canada and Mexico, are as follows: The US economy is expected to grow by 2.1% in 2024 (after 2.5% in 2023) and by 1.7% in 2025. Growth of 1.4% and 2.3% is expected for Canada in 2024 and 2025 respectively (after 1.1% in 2023). The Mexican economy is expected to grow by 2.7% in 2024 (after 3.4% in 2023) and 1.5% in 2025.

For the eurozone, the IMF has forecast growth of 0.9% and 1.7% for 2024 and 2025 respectively (after 0.5% in 2023).

The fund also expects only slight growth for the economies of the main European target countries of IONOS within the EU, France, Spain and Italy: the economists forecast growth of 1.0% in 2024 and 1.7% in 2025 for France (after 0.8% in 2023). Spain (after 2.4% in 2023) is expected to grow by 1.5% and 2.1% in 2024 and 2025 respectively. For Italy, the IMF expects growth of 0.7% and 1.1% in 2024 and 2025 respectively (after 0.7% in 2023). For Poland, the Fund expects growth of 2.8% in 2024 (after 0.6% in 2023) and 3.2% in 2025.

For the non-EU country Great Britain, the IMF expects economic output to increase by 0.6 % in 2024 (after 0.5 % in 2023) and by 1.6 % in 2025.

For Germany, the market with the highest turnover from IONOS' perspective, the IMF expects economic growth of 0.5% in 2024 (after -0.3% in 2023) and 1.6% in 2025. According to the forecasts, Germany is therefore likely to record the lowest growth of the G7 countries again in 2024.

Market forecast: Development of key gross domestic products from the perspective of IONOS Group SE

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

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

Market / sector expectations

Despite the challenges posed by the difficult economic conditions, disrupted supply chains and a shortage of skilled workers, the industry association Bitkom expects the German ICT market to grow by 4.4% overall in 2024 (previous year: 2.0%). Sales are therefore expected to rise to € 224.3 billion.

According to Bitkom calculations, the market for information technology is expected to grow again by 6.1% in 2024 (previous year: 2.2%) to € 151.5 billion after a brief dip in growth in 2023. The software segment, which is driven in particular by the cloud business and artificial intelligence (AI), is once again expected to see the strongest growth with a substantial increase of 9.4% (previous year: 9.6%) to

€ 45.5 billion. The IT services business, which includes IT consulting, is expected to grow by 4.8% (previous year: 5.1%) to €51.7 billion. Sales of IT hardware are also expected to increase significantly again, by 4.6% (previous year: -5.4%) to € 54.5 billion. The Infrastructure-as-Service segment, i.e. rented servers, network and storage capacities, remains the biggest growth driver.

The global cloud computing market is of particular importance to IONOS. After very strong growth in 2023 (17.8%), Gartner expects global growth for public cloud services of 20.4% to USD 678.79 billion in the 2024 fiscal year.

Market forecast: Cloud computing worldwide

in USD billion	2023	2024e	Change
Revenue from public cloud services worldwide	563.59	678.79	20%
Cloud Application Infrastructure Services (PaaS)	145.32	176.49	21%
Cloud Application Services (SaaS)	205.22	243.99	19%
Cloud Business Process Services (BPaaS)	66.34	72.92	10%
Cloud Desktop-as-a-Service (DaaS)	2.78	3.16	14%
Cloud System Infrastructure Services (IaaS)	143.93	182.22	27%

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

Company expectations

Forecast for the 2024 and 2025 fiscal years

IONOS expects its key performance indicators to develop as follows in the 2024 and 2025 fiscal years:

IONOS is planning currency-adjusted revenue growth of around 11% for the 2024 fiscal year (currency-adjusted revenue of € 1.43 billion in 2023). The forecast increase in revenue is mainly based on even stronger new customer acquisition, successful cross-selling and up-selling to existing customers and new products in the field of artificial intelligence (AI). In addition, IONOS rolled out price structures adapted to market conditions in the third quarter of 2023, which will gradually lead to higher value contributions.

The adjusted EBITDA margin is expected to be around 28.5% (adjusted EBITDA margin 2023: 27.4%), resulting in an adjusted EBITDA of around EUR 450m (adjusted EBITDA 2023: EUR 390m).

Continued strong growth and a further increase in the adjusted EBITDA margin to around 30% are also expected for 2025.

Due to the pure holding function of IONOS Group SE, the company generally does not aim to generate revenue or profits. If costs or income are incurred by the company in the course of its ordinary business activities, these are generally passed on to the subsidiary as part of internal cost allocation.

The costs incurred in the past fiscal years and also in the 2023 fiscal year in connection with the preparation of the IPO of IONOS are an exception. These costs were accumulated in IONOS Group SE until the end of the 2022 fiscal year and in the course of the 2023 fiscal year and passed on in full until the end of the 2023 fiscal year in accordance with the existing cost-sharing agreement with United Internet AG and WP XII Venture Holdings S.à r.l., resulting in income for IONOS Group SE in the 2023 fiscal year.

IONOS Group SE expects a slightly negative EBITDA for the 2024 fiscal year. This is due to the fact that a large part of the costs incurred by IONOS Group SE will be passed on as part of internal cost allocation, but a few shareholder costs, such as the holding of the Annual Shareholders' Meeting, will remain within the company. As the company does not generate any significant revenue with the exception of internal cost allocation, this is expected to lead to slightly negative contributions to earnings.

Overall statement by the Executive Board

Based on the positive macroeconomic development in the core sales markets of IONOS, which is also expected by the International Monetary Fund (IMF), the ongoing digitization of small and medium-sized enterprises and the forecast growth in the cloud business, the Management Board of IONOS Group SE remains optimistic about the future, also due to the stable and predominantly subscription-based business model.

The Group's development during the coronavirus pandemic, but also in the course of the war in Ukraine, has shown that the IONOS business model is relatively independent of the economy and that even the contact restrictions that prevailed during the coronavirus pandemic had no direct negative impact on the company's development. On the contrary, IONOS succeeded in further increasing its customer base and even accelerating customer growth in the 2022 and 2023 fiscal years. The increase in certain types of costs as a result of a global supply shortage and rising inflation rates also only have a temporary impact on the company's profitability and will be passed on to customers in the medium term through targeted price increases. The fact that SMEs need an Internet presence in the 21st century and that IONOS is the market leader in a scalable business model supports this assessment.

IONOS Group SE will continue this business policy of recent years in the coming years. In the 2024 fiscal year, the current target markets in the Web Presence & Productivity and Cloud Solutions segments are to be further developed. In addition to development in the core business of Web Presence & Productivity, the focus will be on the further expansion of our cloud product portfolio for SMEs and the public sector as well as new products in the field of artificial intelligence. This, combined with the further expansion of existing customer relationships and targeted up- and cross-selling with product offerings tailored to the customer profile as well as the continuous improvement of customer understanding, will ensure a sustainable and broad foundation for growth in future fiscal years.

In addition, the investments in customer relationships made in recent years - in particular through broad-based TV campaigns in the European core markets, supplemented by localized marketing measures in the Group's other sales markets -, the further expansion of new business areas and the launch of new products as part of organic and inorganic growth have created a broad foundation for the planned increase in sales and earnings.

After a positive start to the year, the Management Board of IONOS Group SE is still very optimistic at the time of preparing this combined management and Group management report that it will achieve the targets set out in its planning. Overall, the Management Board believes that the company is very well positioned for further corporate development and is optimistic about the future.

Forward-looking statements and forecasts

This Group management report contains forward-looking statements that are based on the current expectations, assumptions and forecasts of the Management Board of IONOS Group SE and the information currently available to it. The forward-looking statements are not to be understood as guarantees for the future developments and results mentioned therein. Rather, future developments and results depend on a variety of factors. They involve various risks and uncertainties and are based on assumptions that may not prove to be correct in the future. IONOS Group SE assumes no obligation to adjust or update the forward-looking statements made in this report.

4. Internal control and risk management system

The German Corporate Governance Code (GCGC) provides for disclosures on the internal control and risk management system. These go beyond the statutory requirements for the management report and are excluded *from the audit of the management report by the auditor ("non-management report disclosures"). They are assigned thematically to the key elements of the internal control and risk management system in section 4 "Internal control and risk management system" and are separated from the information to be audited by separate paragraphs and marked accordingly as "unaudited".*

Internal control system (unaudited)

The internal control system (ICS) of IONOS 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. In this context, the controls carried out include compliance with target processes, the "dual control 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 and decentrally throughout the Group. Defined processes that involve those responsible for the specialist departments and process experts ensure that process and organizational risks are countered preventively. All of the Group's units assess the existence of organizational and process risks jointly and in cooperation with risk management and assess whether these could have an impact on the ICS. The ICS is regularly improved, also with the involvement of experts. Monitoring is based on the three pillars of risk management, Group Internal Audit and external auditors. Group Internal Audit evaluates and improves the governance processes and risk management and also assesses the appropriateness and effectiveness of the ICS by conducting regular spot checks.

Accounting-related internal control and risk management system

In accordance with Section 289 (4) and Section 315 (4) HGB, IONOS Group SE is obliged to describe the key features of its accounting-related internal control and risk management system in the management report.

IONOS views risk management as part of the internal control system (ICS). The ICS is understood as an ongoing process that comprises organizational, control and monitoring structures in order to ensure compliance with legal and corporate requirements at all times.

The Management Board of IONOS Group SE is responsible for the scope and design of the ICS, taking into account the company-specific requirements. Monitoring the effectiveness of the ICS is one of the tasks of the Supervisory Board of IONOS Group SE, which receives regular reports from the Management Board on the status of the ICS and the results of the internal audit system. The Corporate Audit department (Internal Audit) independently reviews the appropriateness, effectiveness and functionality of the ICS in the IONOS Group and has comprehensive information, audit and entry rights to perform its tasks. Its audit procedures are based on a risk-oriented audit plan, which regularly includes audits at subsidiaries. In addition, the Corporate Audit department generally audits the correctness of significant asset and inventory inventories. The auditor also checks the effectiveness of the parts of the ICS relevant to financial reporting as part of its risk-oriented audit approach.

The accounting-related ICS comprises principles, procedures and measures to ensure the effectiveness, efficiency and propriety of accounting and to ensure compliance with the relevant laws and standards and is continuously developed. In the preparation of the consolidated financial statements, the ICS serves in particular to ensure the application of International Financial Reporting Standards (IFRS), as applicable in the European Union, and the application of the supplementary provisions of commercial law pursuant to Section 315e of the German Commercial Code (HGB). When preparing the annual financial statements and the management report, the ICS also helps to ensure that the provisions of commercial law are complied with.

With any ICS, it must be taken into account that, regardless of its design, it cannot provide absolute certainty that material accounting misstatements will be avoided or detected. This could be caused, for example, by incorrect discretionary decisions, inadequate controls or criminal acts.

The following statements relate only to the subsidiaries fully consolidated in the consolidated financial statements of IONOS Group SE, where IONOS Group SE has the power, directly or indirectly, to govern the financial and monetary policies of those entities so as to obtain benefits from their activities.

One of the tasks of risk management at IONOS Group SE is to define measures to identify, assess and mitigate risks to an acceptable level and to monitor the risks identified. Risk management requires organized action in order to deal with uncertainty and threats appropriately and encourages employees to use regulations and instruments to ensure compliance with risk management principles. In addition to operational risk management, it also includes systematic early risk identification, risk management and risk monitoring. Accounting-related risk management focuses on the risk of misstatements in accounting and external reporting.

Specific accounting-related risks can arise, for example, from the conclusion of unusual or complex transactions. Furthermore, business transactions that are not routinely processed are subject to a latent risk. A limited number of persons are necessarily granted discretionary powers in the recognition and measurement of assets and liabilities, which can result in further accounting-related risks.

The accounting-related ICS comprises internal controls defined on the basis of risk aspects for the processes relevant to accounting and the processes that support the IT systems. IT security, change management and operational IT processes are of particular importance here. Organizational, preventive and detective controls are applied, which can be both IT-supported and manual. For IONOS Group SE, the effectiveness and efficiency of the accounting-related ICS depends on highly qualified employees, regular training, the dual control principle and the segregation of duties between administrative, execution and approval processes. Accounting processes are managed by the Group Accounting department and other accounting departments. Laws, accounting standards and other pronouncements are continuously analyzed with regard to their relevance and impact on accounting. Relevant requirements are recorded and communicated in the Group's accounting guidelines and form the basis for the financial statement preparation process. In addition, supplementary procedural instructions such as the intercompany guideline, standardized reporting formats, IT systems and IT-supported reporting and consolidation processes support the process of uniform and proper Group accounting. The Group Accounting department ensures that these requirements are adhered to uniformly throughout the Group. The Group companies are responsible for ensuring that their accounting-related processes and systems are carried out properly and on time and are supported in this by the accounting departments.

If significant control weaknesses or opportunities for improvement are identified, these are assessed and countermeasures are developed with the responsible persons in order to further improve the effectiveness of the ICS. The implementation of the measures is monitored by the Corporate Audit department and may be the subject of follow-up audits. Corporate Audit is closely involved at all levels to ensure the high quality of the accounting-related ICS.

Effectiveness statement (unaudited)

As a result of the regular review of the internal control and risk management system, the Management Board is not aware of any circumstances up to the date of preparation of the combined management report that would speak against or call into question the appropriateness and effectiveness of these systems.

5. Disclosures required by takeover law

The following disclosures in accordance with Sections 289 a, 315 a HGB reflect the situation on the balance sheet date. As provided for in Section 176 (1) sentence 1 AktG, the disclosures are explained in the individual sections.

Please also refer to the explanations in the notes to the consolidated financial statements.

Composition of capital

The subscribed capital of IONOS Group SE amounted to € 140,000,000 as of December 31, 2023 and is divided into 140,000,000 no-par value registered ordinary shares. Each share grants one vote; there are no other classes of shares. In the event of an increase in the share capital, the start of profit entitlement for the new shares can be determined differently from the date on which the contributions are made. All ordinary shares are listed on the stock exchange.

Limitations affecting voting rights or the transfer of shares

There are statutory restrictions on voting rights with regard to treasury shares pursuant to Section 71b AktG and Section 71d sentence 4 in conjunction with Section 71b AktG. § Section 71b AktG exist. IONOS did not hold any treasury shares as at the balance sheet date of December 31, 2023.

Statutory restrictions on voting rights continue to apply with regard to the conflict of interest pursuant to Section 136 (1) AktG for shares held by the Management Board and the Supervisory Board.

Among the current members of the Management Board, Mr. Achim Weiß directly held 89,472 shares in the IONOS Group (0.06% of the share capital) as of December 31, 2023. In addition, Ms. Britta Schmidt held 3,500 shares (0.00% of the share capital) and Dr Jens-Christian Reich held no shares (0.00% of the share capital) as at December 31, 2023.

Among the current members of the Supervisory Board, Mr. Ralph Dommermuth did not directly hold any shares in the IONOS Group (0.00% of the share capital) as at December 31, 2023. In addition, Dr. Claudia Borgas-Herold held 250 shares (0.00% of the share capital) as at December 31, 2023. Mr. Kurt Dobitsch held 3,000 shares (0.00% of the share capital) as at December 31, 2023. Mr. Martin Mildner held 4,510 shares (0.00% of the share capital) as at December 31, 2023. Mr. Rene Obermann held no shares (0.00% of the share capital) as at December 31, 2023. Ms. Vanessa Stützle held no shares (0.00% of the share capital) as at December 31, 2023.

There are no restrictions relating to the transfer of shares.

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

As at December 31, 2023, shareholdings exceeding 10% of the voting rights were held by United Internet AG (according to the voting rights notification dated February 9, 2023: 89,369,097 shares or 63.8% of the share capital) and Warburg Pincus LLC (according to the voting rights notification dated February 9, 2023: 29,630,903 shares or 21.2% of the share capital). As far as the Management Board is aware, there are no other shareholdings that exceed 10% of the voting rights.

Special rights

As far as the Management Board is aware, there are no shares with special rights.

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

The appointment and dismissal of members of the Management Board is governed by Sections 84 and 85 AktG in conjunction with Section 1 of the rules of procedure for the Supervisory Board. In accordance with Section 6 (1) of the Articles of Association, 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 may appoint a member of the Management Board as Chairman.

Any amendment to the Articles of Association requires a resolution by the Annual Shareholders' Meeting with a majority of at least three quarters of the share capital represented at the vote. The Supervisory Board is authorized to make amendments to the Articles of Association that only affect the wording in accordance with Section 22 of the Articles of Association in conjunction with Section 179 para. 1 sentence 2 AktG (amendments to the share capital and number of shares).

Powers of the Management Board to issue new shares

The Management Board has the option of issuing new shares under the following circumstances:

Authorized capital 2023

The Management Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital by a total of up to € 56,000,000 by issuing new no-par value shares against cash and/or non-cash contributions on one or more occasions until August 31, 2026 (Authorized Capital 2023).

In the case of cash contributions, the new shares may also be acquired by the Management Board, with the approval of the Supervisory Board, from one or more banks or another company that meets the requirements of Art. 5 SE Regulation in conjunction with Section 186 para. 5 sentence 1 AktG with the obligation to offer them exclusively to the shareholders for subscription (indirect subscription right). In principle, shareholders must be granted subscription rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights.

- (a) to exclude fractional amounts from the subscription right;
- (b) if the capital increase is made against cash contributions and the issue price of the new shares is not significantly lower than the stock market price of the shares already listed at the time of the final determination of the issue price, which should take place as close as possible to the placement of the shares. The total number of shares issued with the exclusion of subscription rights in accordance with Art. 5 SE Regulation in conjunction with Section 186 para. 3 sentence 4 AktG may not exceed 10% of the share capital, neither at the time this authorization becomes effective nor at the time it is exercised. This figure shall include shares issued or to be issued on the basis of bonds with warrants or convertible bonds, provided that the bonds are issued during the term of this authorization in analogous application of Section 186 para. 3 sentence 4 AktG with the exclusion of subscription rights; this figure shall also include shares issued or sold during the term of this authorization in direct or analogous application of Section 186 para. 3 sentence 4 AktG;
- (c) to the extent necessary to grant holders or creditors of option and/or conversion rights or corresponding option and/or conversion obligations from bonds issued or to be issued by the company

and/or by companies dependent on the company or directly or indirectly majority-owned by the company a subscription right to the extent to which they would be entitled after exercising their option and/or conversion right or after fulfillment of the option and/or conversion obligation;

- (d) if the capital increase is made against contributions in kind to grant shares in the context of business combinations or for the purpose of acquiring companies, parts of companies, interests in companies or other assets, including receivables from the company;
- (e) if the capital increase is made against cash and/or non-cash contributions in order to issue shares in fulfillment of entitlements from virtual share participation programs 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 Board or management and employees of companies affiliated with the company within the meaning of Sections 15 et seq. AktG. If shares are to be granted to members of the company's Management Board, the Supervisory Board of the company decides on this.

The authorizations to exclude subscription rights under lit. a) to lit. e) are limited in total to an amount of up to 20% of the share capital existing at the time the Authorized Capital 2023 becomes effective or - if this is lower - at the time of the resolution on the utilization of the Authorized Capital 2023. This maximum limit of 20% of the share capital shall include the proportionate amount of the share capital attributable to shares issued during the term of this authorization in direct or analogous application of Art. 5 SE Regulation in conjunction with Section 186 para. 3 sentence 4 AktG with the exclusion of subscription rights, as well as the proportionate amount of the share capital attributable to treasury shares sold 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, with the approval of the Supervisory Board, to determine the further content of the share rights and the conditions of the share issue. The Supervisory Board is authorized to amend the wording of the Articles of Association in accordance with the respective use of the Authorized Capital 2023 or after the expiry of the authorization period.

Conditional capital

The share capital is conditionally increased by up to € 20,000,000 divided into up to 20,000,000 no-par value registered shares (Conditional Capital 2023). The conditional capital increase will only be carried out to the extent that the holders or creditors of option or conversion rights or those obliged to convert from bonds with warrants or convertible bonds issued by the company or a subordinated group company of the company on the basis of the authorization of the Management Board by resolution of the Annual Shareholders' Meeting on May 15, 2023 until August 31, 2026 are entitled to subscribe. The new shares are to be issued at the price at which the company exercises its option or conversion rights or, insofar as they are obliged to convert, fulfills its obligation to convert, or, insofar as the company exercises an option, to grant shares in the company in whole or in part instead of payment of the cash amount due, unless cash compensation is granted or treasury shares or shares in another listed company are used for servicing. The new shares will be issued at the option or conversion price to be determined in accordance with the aforementioned authorization resolution. The new shares shall participate in profits from the beginning of the fiscal year in which they are created; to the extent permitted by law, the Management Board may, with the approval of the Supervisory Board, determine the profit participation of new shares in deviation from this and also in deviation from Section 60 para. 2 AktG, including for a fiscal year that has already expired.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.

Powers of the Management Board to buy and use treasury shares

By resolution of the Annual Shareholders' Meeting on January 26, 2023, the Executive Board was authorized to acquire treasury shares, also with the exclusion of tender rights, and to use treasury shares in accordance with Art. 5 SE Regulation in conjunction with Section 71 para. 1 no. 8 AktG. § Section 71 para. 1 no. 8 AktG with the option to exclude shareholders' statutory subscription rights and to cancel acquired treasury shares and reduce capital.

IONOS Group SE did not hold any treasury shares at the time of the Annual Shareholders' Meeting.

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

A consortium of banks has granted IONOS a loan of € 800,000k until December 2026.

The members of the syndicate have been 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 obtains control of IONOS. The right to terminate is available to each member of the banking syndicate individually within 30 days of the announcement of the change of control by the company. However, this right of termination does not apply if control is obtained by Mr. Ralph Dommermuth, his wife and/or his descendants or United Internet AG.

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

In the event of a merger, spin-off, IPO of the issuing Group company or similar events, or in the event of a transfer of operations or sale of a company, the company may offer the early exercise of SARs.

A change of control arrangement has been agreed with Mr. Achim Weiß, which provides for a special right of termination in this case, as well as early vesting under certain circumstances (in the event of a change of control, all unearned SARs are deemed to have been earned. Further details can be found in the remuneration system for the Executive Board in the notes under point 11 (special provisions for Achim Weiß).

Otherwise, no further compensation agreements have been made with either members of the Management Board or employees of the company in the event of a change of control following a takeover bid.

6. Declaration on company management

Chapter "6. Declaration on company management" is "unaudited management report disclosures", as the audit of the disclosures in the corporate governance statement by the auditor in accordance with Section 317 (2) sentence 6 HGB is limited to the fact that the disclosures have been made and the corporate governance report also contained in Chapter 6 is a "non-management report disclosure" in accordance with Section 3.10 of the German Corporate Governance Code, the content of which is not audited.

Principles of corporate governance

The corporate governance of IONOS Group SE as a listed German stock corporation is governed by the relevant statutory provisions and by the recommendations and suggestions of the German Corporate Governance Code (GCGC).

The term corporate governance stands for responsible corporate management and control geared towards sustainable value creation. Efficient cooperation between the Management Board and Supervisory Board, respect for shareholders' interests and openness and transparency in corporate communications are key aspects of good corporate governance.

The Management Board and Supervisory Board of IONOS Group SE are committed to ensuring the continued existence of the company and sustainable value creation through responsible and long-term corporate governance. Ecological and social goals are given appropriate consideration.

In this declaration on corporate governance, the Management Board and Supervisory Board report on the company's corporate governance (Corporate Governance Report) in addition to the statutory requirements pursuant to Section 289f HGB for the individual company and pursuant to Section 315d HGB for the Group in accordance with Principle 23 GCGC.

Management and corporate structure

In accordance with its legal form, IONOS Group SE has a two-tier management and supervisory structure with its Management Board and Supervisory Board. The third body is the Annual Shareholders' Meeting. All three bodies are committed to the good of the company.

Management Board

Working procedures of the Management Board

The Management Board is the Group's management body. In the 2023 fiscal year, it consisted of three members (namely Mr. Achim Weiß, Dr. Jens Reich and Ms. Britta Schmidt). A term of office of three years is considered for initial appointments. The Supervisory Board will assess on a case-by-case basis which term of office appears appropriate within the legally permissible term of office. Beyond this, Management Board members are not appointed for longer than five years. The Management Board conducts business in accordance with the law and the Articles of Association, the rules of procedure adopted by the Supervisory Board and the respective recommendations of the German Corporate Governance Code, unless deviations are declared in accordance with Section 161 of the German Stock Corporation Act (AktG).

The Management Board is responsible for preparing the interim and annual financial statements and for appointing key personnel in the company. It also systematically defines the risks and opportunities for the company associated with social and environmental factors, as well as the ecological and social impact of the company's activities, and subsequently assesses these. In addition to long-term economic goals, the corporate strategy also takes appropriate account of ecological and social goals. Corporate planning includes both the corresponding financial and sustainability-related targets. Further information on sustainability can be found on the company's website https://www.ionos-group.com/de/investor-relations/veroeffentlichungen/berichte.html.

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 with an overview of the current status of the relevant reporting items in accordance with Section 90 AktG at least once a month verbally and, at the request of the Chairman of the Supervisory Board, also in writing. Accordingly, the Chairman of the Supervisory Board is informed immediately by the Chairman or Spokesman of the Management Board or the Chief Financial Officer of important events that are of material significance for the assessment of the situation and development as well as for the management of the company. Any significant deviation from the company's planning or other forecasts is also considered an important event. The Chairman or Spokesman of the Management Board or the Chief Financial Officer shall also inform the Chairman of the

Supervisory Board in advance if possible, otherwise immediately thereafter, of any ad hoc disclosure made by the company in accordance with Art. 17 MAR.

An age limit of 68 years applies to members of the Management Board. This requirement is currently met without exception.

The Management Board has overall responsibility for managing the company's business in accordance with uniform objectives, plans and guidelines. Notwithstanding the overall responsibility of the Management Board, each member of the Management Board acts independently in the area of responsibility assigned to them, but is required to subordinate the interests relating to the area of responsibility assigned to them to the overall good of the company.

The allocation of responsibilities within the Management Board is regulated by the Supervisory Board in a schedule of responsibilities at the proposal of the Management Board.

The members of the Executive Board inform each other of important events within their areas of responsibility. Matters of major importance that are not approved in the budget must be discussed and decided by at least two members of the Executive Board, whereby one of the two Executive Board members must be responsible for the Finance division.

Irrespective of their departmental responsibilities, all members of the Management Board constantly monitor the data that is decisive for the company's business performance in order to be able to work towards averting imminent disadvantages, implementing desirable improvements or expedient changes at any time by appealing to the full Management Board or otherwise in an appropriate manner.

The full Management Board decides on all matters that are of particular importance and scope for the company or its subsidiaries and affiliated companies.

The entire Board of Directors decides by a simple majority of votes. In the event of a tie, the Chairman of the Management Board has the casting vote. The resolutions of the Executive Board are recorded in minutes.

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

Each member of the Management Board discloses conflicts of interest immediately to the Chairman of the Supervisory Board and the Chairman or Spokesman of the Management Board and informs the other members of the Management Board if 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, accordingly, do not chair any Supervisory Boards in such companies.

Composition of the Executive Board

The Management Board of IONOS Group SE consisted of the following members in the 2023 fiscal year:

Members of the Executive Board as of December 31, 2023

- Achim Weiß, Chairman of the Executive Board
  (since October 2018)

- Britta Schmidt, Chief Financial Officer
  (since November 2022)

- Dr. Jens Reich, Chief Operations Officer (since July 2023)

Supervisory Board

Working procedures of the Supervisory Board

The Supervisory Board elected by the Annual Shareholders' Meeting has consisted of six members since January 26, 2023. The term of office of the Supervisory Board members is generally 5 years.

The Supervisory Board maintains regular contact with the Management Board and monitors and advises the Management Board on the management of the company's business and risk and opportunity management in accordance with the law, the articles of association, the rules of procedure and the relevant recommendations of the German Corporate Governance Code, unless a deviation is declared in accordance with Section 161 AktG. In particular, this also includes issues relating to sustainability.

At regular intervals, the Supervisory Board discusses with the Management Board all issues relevant to the company relating to strategy and its implementation, planning, business development, the risk situation, risk management and compliance. It discusses the quarterly statements and half-year reports with the Management Board prior to their publication and approves the annual plan. The annual planning contains the annual financial plan, consisting of detailed sales, cost and earnings planning as well as liquidity planning and annual investment planning. The Supervisory Board examines the annual and consolidated financial statements and approves the financial statements if there are no objections to be raised. In doing so, it takes into account the auditor's reports.

The Supervisory Board is also responsible for appointing the members of the Management Board, determining the remuneration of the Management Board and regularly reviewing it in accordance with the applicable statutory provisions and the recommendations of the German Corporate Governance Code, unless a deviation is declared in accordance with Section 161 of the German Stock Corporation Act (AktG).

When appointing members of the Management Board, the Supervisory Board strives for 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 here.

As part of long-term succession planning, the Supervisory Board, with the involvement of the Management Board, regularly deals with highly qualified managers who are potential candidates for Management Board positions.

The Supervisory Board as a whole and the Audit and Risk Committee regularly carry out an efficiency review for self-assessment purposes. In accordance with recommendation D.12 GCGC, the Supervisory Board and the committee assess how effectively they each perform their duties as a body. For this purpose, a self-assessment is carried out using questionnaires every two years or so.

The results of the assessment are evaluated anonymously and then discussed in a plenary session. The need for improvement that emerges is addressed and implemented during the year. The next self-assessment will be carried out and evaluated in 2024. The members of the Supervisory Board are responsible for undertaking the training and development measures required for their duties and receive appropriate support from the company. The measures implemented are reported on in the report of the Supervisory Board.

The Supervisory Board is convened at least twice per calendar year. The meetings of the Supervisory Board are convened in writing by its Chairman at least 14 days in advance. Further and more detailed information on the exact number of meeting dates and the topics discussed can be found in the Supervisory Board's report to the company's Annual Shareholders' Meeting.

The items on the agenda must be announced when the meeting is convened. If an agenda has not been duly announced, a resolution may only be passed if no member of the Supervisory Board objects before the resolution is passed.

Resolutions of the Supervisory Board are generally passed in face-to-face meetings. However, it is permissible for Supervisory Board meetings to be held in the form of a video or telephone conference connection or for individual Supervisory Board members to be connected via video or telephone transmission and, in these cases, for resolutions to be passed or votes to be cast via video or telephone conference connection. Meetings are chaired by the Chairman of the Supervisory Board. Outside of meetings, resolutions may also be passed by other means, for example by telephone or email, at the request of the Chairman, provided no member objects to this procedure.

The Supervisory Board has a quorum if all members have been duly invited and at least 3 members participate in the passing of resolutions. A member also participates in the passing of a resolution if he or she abstains from voting.

Unless otherwise stipulated by law, resolutions of the Supervisory Board are passed with a simple majority.

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

The Chairman of the Supervisory Board is authorized to make the declarations of intent required to implement the resolutions of the Supervisory Board on behalf of the Supervisory Board. The Audit and Risk Committee supports the Supervisory Board in monitoring accounting and the integrity of the accounting process as well as monitoring the effectiveness and functionality of the internal control system, the risk management system, the compliance system and the internal audit system. It also supports the Supervisory Board in monitoring the audit of the financial statements, the services provided by the auditor, the auditor's fees and the additional services provided by the auditor.

The Audit and Risk Committee deals intensively with the annual financial statements and the consolidated financial statements, the combined management report for the company and the Group, the non-financial Group statement and the Management Board's proposal for the appropriation of net retained profits. It discusses the audit reports, the audit process, the focal points and methodology of the audit and the audit results, including with regard to the internal control system in relation to the accounting process, with the Management Board and the auditor 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.

he Audit and Risk Committee prepares the negotiations and resolutions of the Supervisory Board for the auditor's election proposal to the Annual Shareholders' Meeting and decisions on corporate governance issues and also decides on the approval of material transactions with related parties in accordance with Section 111b (1) AktG (related party transactions). There were no such transactions in the reporting period.

The Audit Committee discusses the assessment of the audit risk, the audit strategy and audit planning as well as the audit results with the auditor. The Chairperson of the Audit Committee regularly discusses current audit issues and the progress of the audit with the auditor, also in the presence of all members of the Audit and Risk Committee. The Audit Committee regularly consults with the auditor, even without the presence of the Management Board.

The Chairperson of the Audit Committee regularly reports to the Supervisory Board on the activities of the Audit and Risk Committee. The Chairman of the Supervisory Board is informed immediately of any significant events and findings of the Audit and Risk Committee.

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

The Supervisory Board of the company strives for a composition of the Supervisory Board that enables qualified advice and monitoring of 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 Supervisory Board of the company has adopted the following objectives for the composition of the Supervisory Board. These take into account the statutory requirements both with regard to the requirements for individual Supervisory Board members and with regard to the requirements for the composition of the Supervisory Board as a whole and - unless a deviation is expressly declared - the recommendations of the German Corporate Governance Code. In particular, a profile of skills and expertise has been drawn up for the Board as a whole.

The Supervisory Board will take the objectives into account when making its proposals to the Annual Shareholders' Meeting for the election of Supervisory Board members and will ensure that the respective candidates meet the requirements to fulfill the competence profile for the entire Board. The specific situation of the company is taken into account.

Requirements for individual members

The Supervisory Board of the company strives to ensure that each member of the Supervisory Board fulfills the following requirements:

General requirements profile

Each Supervisory Board member should have the necessary knowledge and experience to be able to diligently monitor and advise the company's Management Board and assess any risks to the company's business. The Supervisory Board will also ensure that all Supervisory Board members have a personal profile that enables them to uphold the company's reputation in the public eye.

Time availability

All Supervisory Board members should be able to devote the time required for the diligent performance of their mandate over their entire term of office. Supervisory Board members should comply with the requirements of the law and observe the recommendation of the German Corporate Governance Code with regard to the permissible number of Supervisory Board mandates.

Conflicts of interest

Supervisory Board members should not perform any other activities that make the frequent occurrence of conflicts of interest likely. This includes board functions or advisory tasks at major competitors or personal relationships with such competitors.

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 for the composition of the full board

In addition to the individual requirements for Supervisory Board members, the company's Supervisory Board also strives to achieve the following objectives for its composition as a whole in accordance with C.1 GCGC.

Competence profile for the entire board

The members of the Supervisory Board as a whole must have the knowledge, skills and professional experience required to properly perform their duties. The Supervisory Board strives to ensure that the Supervisory Board as a whole covers the broadest possible spectrum of knowledge and experience relevant to the company and in particular fulfills the following requirements:

- In-depth knowledge and experience in the Internet industry, especially in companies that deal with online presences, digitization applications, e-commerce applications and cloud applications and the respective associated infrastructures and technologies;
- Specialist knowledge or experience from other economic sectors;
- entrepreneurial or operational experience;
- at least one member of the Supervisory Board with several years of operational experience gained abroad or in an internationally active 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 application of accounting principles and internal control and risk management systems and must also relate 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 relate to the audit of sustainability reporting;
- Expertise on sustainability issues of importance to the company;
- Knowledge and experience in strategy development and implementation;
- in-depth knowledge and experience in controlling and risk management;
- Knowledge and experience in personnel planning and management (human resources);
- in-depth knowledge and experience in the field of governance and compliance;
- Expertise on the needs of capital market-oriented companies.

- The Supervisory Board should not include more than two former members of the Management Board. This target has also been met. Furthermore, Supervisory Board members should immediately disclose any current conflicts of interest to the Supervisory Board and resign from the Supervisory Board in the event of permanent conflicts of interest. No such conflicts of interest arose in the reporting year.

- Members of the Supervisory Board should retire from the Supervisory Board at the end of the following Annual Shareholders' Meeting after reaching the age of 70. This target is also met

- The Supervisory Board should include at least one woman. This target is met by the membership of Dr. Claudia Borgas Herold and Ms. Vanessa Stützle on the Supervisory Board.

Diversity

The Supervisory Board strives to ensure that the Supervisory Board has a diverse composition so that the Supervisory Board as a whole has a sufficient diversity of opinions and knowledge. In its election proposals, the Supervisory Board will take into account the diversity concept defined by the company, which is presented in a separate section below.

Independence

The Supervisory Board aims to ensure that, in its opinion, an appropriate number of at least four of the six members of the Supervisory Board are also independent within the meaning of the criteria set out in the recommendations of the German Corporate Governance Code.

In this reporting year, the Supervisory Board again addressed the above objectives for its composition, discussed them in particular with regard to the skills profile for the entire Board, adhered to them and expanded them further. The Supervisory Board strives to complete the profile of skills and expertise it has developed for the entire Board.

Composition of the Supervisory Board / status of implementation

The Supervisory Board of IONOS Group SE consisted of the following members in the 2023 fiscal year:

Supervisory Board members as of December 31, 2023

- Ralph Dommermuth
  (Chairman of the Supervisory Board since January 2023)
- René Obermann
  (Deputy Chairman since January 2023)
- Dr. Claudia Borgas Herold
  (Member of the Supervisory Board since January 26, 2023 and member of the Audit and Risk Committee since February 2023)
- Martin Mildner
  (Member of the Supervisory Board since January 26, 2023 and member of the Audit and Risk Committee since February 2023)
- Vanessa Stützle
  (Member of the Supervisory Board since January 26, 2023)
- Kurt Dobitsch
  (Member of the Supervisory Board since January 26, 2023 and member of the Audit and Risk Committee since February 2023)

Departed in the 2023 fiscal year

- Max Fowinkel
  (until January 2023)

- Issam Abedin
  (until January 2023)
- Markus Langer
  (until January 2023)
- Lutz Laffers
  (until January 2023)
- Lysander Ammann
  (until January 2023)

In the opinion of the Supervisory Board, all six members of the current Supervisory Board are also independent within the meaning of the recommendation of the German Corporate Governance Code.

Skills matrix:

		Ralph Dommer-muth	**René Ober-mann**	**Dr. Claudia Borgas-Herold**	**Martin Mildner**	**Vanessa Stützle**	**Kurt Dobitsch**
Period of affiliation	Member since	2023	2023	2023	2023	2023	2023
Age limit (70)	Year of birth	1963	1963	1963	1970	1978	1954
Personal suitability	Independence		✓	✓	✓	✓	✓
	No overboarding	✓	✓	✓	✓	✓	✓
	Former member of the Executive Board						
	No conflicts of interest	✓	✓	✓	✓	✓	✓
Diversity	Gender	Male	Male	Female	Male	Female	Male
	Nationality	German	German	German	German	German	Austrian
Professio-nal suitabi-lity	If applicable E-Com, Tech, Internet, Cloud; specialist knowledge and experience in the Internet industry, Digit-ization applications, e-commerce applications	✓	✓	✓	✓	✓	✓
	Knowledge of cloud ap-plications and the as-sociated infrastructures and technologies	✓	✓	✓	✓		✓

	Specialist knowledge / experience from other economic sectors	✓	✓		✓	✓	✓
	Entrepreneurial or operational experience	✓	✓	✓	✓	✓	✓
	Application of accounting principles, internal control & risk management systems, incl. sustainability reporting				✓		✓
	Audit of financial statements, incl. audit of sustainability reporting				✓		✓
	Expertise on the sustainability issues that are important for the company					✓	
	Strategy development and implementation	✓	✓			✓	✓
	Controlling and risk management		✓		✓	✓	✓
	Personnel planning and management (HR)	✓			✓		✓
	Governance und Compliance	✓	✓		✓	✓	✓
	Expertise on the needs of capital market-oriented companies	✓	✓		✓		✓
International experience	e.g. through several years of work abroad or operational experience in an internationally active company (e.g. in the field of financial engineering, telecommunications, M&A)	✓	✓	✓	✓		✓

The members of the Audit and Risk Committee of the Supervisory Board have extensive expertise in the areas listed in D.3 GCGC, details of which are provided below.

The Chairman of the Audit Committee, Mr. Kurt Dobitsch, has extensive expertise in the areas of accounting and auditing, including sustainability reporting and its audit, due to his many years of service as former Vice President Europe at Compaq Computer Corporation, as former Managing Director of Access Computer GmbH and as Chairman of the Supervisory Board of 1&1 AG. His expertise in this area 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 and special knowledge and experience in the auditing of financial statements with regard to the audit of financial statements.

The Supervisory Board's election proposals for the election of Supervisory Board members should also take into account these objectives and the efforts to fill out the competence profile for the entire Board. As a further member of the Audit Committee, Mr. Martin Mildner has extensive expertise in the areas of accounting and auditing, including sustainability reporting and its audit, due to his many years of experience as a former member of the Executive Board and Managing Director at various companies of the United Internet Group, former General Counsel and Head of M&A at the Hamburg-based Otto Group (for 13 years) and as a current member of the Executive Board & CFO of ProSiebenSat.1 Media SE, has extensive expertise in the areas of accounting and auditing, including sustainability reporting and its audit. His expertise in these areas consists, with regard to accounting, in particular in special knowledge and experience in the application of accounting principles and internal control and risk management systems and, with regard to auditing, in special knowledge and experience in the auditing of financial statements.

The Supervisory Board's nominations for the election of Supervisory Board members should continue to be based on the best interests of the company, taking into account these objectives and the endeavor to fill out the competence profile for the entire Board. The specific situation of the company must be taken into account.

Subject to the creation of short fiscal years, the respective term of office of the Supervisory Board members ends at the end of the Annual Shareholders' Meeting in 2028.

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

As a listed company, IONOS Group SE has the following obligations in particular under the German Stock Corporation Act (AktG):

- Determination of targets for the proportion of women on the Supervisory Board of IONOS Group SE by the Supervisory Board (Section 111 (5) AktG).

- Determination of targets for the proportion of women on the Management Board of IONOS Group SE by the Supervisory Board (Section 111 (5) AktG).

- Determination of targets for the proportion of women in the first and second management levels of IONOS Group SE by the Management Board (Section 76 (4) AktG).

The following specifications may each cover a maximum period of 5 years.

After thorough examination, the Supervisory Board and Management Board of IONOS Group SE have adopted the following resolutions:

- The Supervisory Board set the deadline for achieving the current targets for the proportion of women and the proportion of men on the Supervisory Board and Management Board at the end of the Annual Shareholders' Meeting in 2028, which will decide on the discharge of the Supervisory Board for the 2027 fiscal year. The Supervisory Board will be newly elected at this Annual Shareholders' Meeting.

- The target figure for the proportion of women was set at 1/3. The target figure for the proportion of men was also set at 1/3. In accordance with the resolution of the 2023 Annual Shareholders' Meeting, the Supervisory Board is composed of 2 women and 4 men.

- For the Management Board, the target figure for the proportion of women has been set at at least 1/3 and at least 1/3 men. As long as the Executive Board consists of fewer than three people, the aim is for it to be made up of at least one woman and at least one man. The Executive Board currently consists of one woman and two men.

- Irrespective of this, the selection should always be based on the individual skills profile of the potential board members, whereby the Supervisory Board endeavors to give preference to women with equal qualifications.

- No target was set for the proportion of women in the first and second management levels below the Management Board, as there are no management levels below the Management Board at IONOS Group SE due to its holding structure.

The Supervisory Board and Management Board of IONOS Group SE currently consider the aforementioned targets to be met without exception.

Diversity concept

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

The company strives to ensure that the composition of the Management Board and Supervisory Board is diverse and that they as a whole have a sufficient diversity of opinions and knowledge.

The following criteria in particular should be taken into account:

- The members of the Management Board and the Supervisory Board should complement each other within the respective bodies in terms of their experience and their educational and professional backgrounds 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.

- The Management Board and Supervisory Board have each set a target figure for the gender ratio for the reference period until the end of the Annual Shareholders' Meeting in 2028, which will decide on the discharge of the Supervisory Board for the 2027 fiscal year. The Supervisory Board currently consists of 2 women and 4 men. In principle, both genders should be treated equally in accordance with their qualifications.

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

- Given the current size of the Management Board and Supervisory Board of only three and six members respectively, no targets have been set with regard to geographical origin. In the case of the Supervisory Board, the requirement for international experience is already taken into account by the fact that at least one member of the Supervisory Board should have several years of operational experience gained abroad or in an internationally active company.

Individual strengths - i.e. everything that makes individual employees unique and distinctive within the company - are what made it possible for the company to become what it is today. A workforce that is made up of a wide variety of personalities offers optimum conditions for creativity and productivity - and therefore also employee satisfaction. The resulting potential for ideas and innovation strengthens the company's competitiveness and increases its opportunities in future markets. In line with this idea, the aim is not only to find a field of activity and function for each employee in which their individual potential and talents can be exploited to the full; the composition of the Management Board and Supervisory Board should also take diversity into account, for example in terms of age, gender or professional experience, in the company's own interests.

The Supervisory Board has determined that the entirety of the statutory and self-imposed provisions relevant to its composition (targets for composition, competence profile, statutory target for the proportion of women, age limit and the other provisions outlined above) should be considered 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 size of the Management Board and Supervisory Board, a higher number and more specific diversity aspects would cause considerable difficulties in filling the positions appropriately, taking into account all diversity criteria.

In the opinion of the members of the Management Board and Supervisory Board, the diversity concept for the Management Board and Supervisory Board is currently fulfilled.

Shareholders' meeting

The Annual Shareholders' Meeting is the decision-making body for the shareholders of IONOS Group SE. The annual and consolidated financial statements are presented to the shareholders at the Annual Shareholders' Meeting. The shareholders decide on the appropriation of the balance sheet profit and vote on other issues stipulated by law, such as the discharge of the Management Board and Supervisory Board and the election of the auditor. Each share carries one vote. Shareholders who register in good time and are entered in the share register on the day of the Annual Shareholders' Meeting are entitled to attend the Annual Shareholders' Meeting. Shareholders may also exercise their voting rights at the Annual Shareholders' Meeting by proxy. The company provides a proxy for this purpose, who votes in accordance with the shareholders' instructions, insofar as he has been instructed to do so by the shareholders.

Governance functions

At IONOS Group SE, the governance functions are part of an integrated "GRC" organization, which includes the Corporate Governance, Corporate Risk Management, Internal Control Systems and Corporate Compliance functions. The GRC functions are under the unified management of the Chief Financial Officer (CFO) of IONOS Group SE.

Internal Control System and Risk Management System

In order to ensure the long-term success of the IONOS Group SE, it is essential to effectively identify and analyze the risks of business activities throughout the Group and to eliminate or limit them using suitable management measures and controls. The Internal Control System and the 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 developed and adapted to changing circumstances. The Supervisory Board is regularly informed by the Management Board about existing risks and their treatment as well as the effectiveness of the internal controls. The appropriateness and effectiveness of the internal control system and the risk management system were determined by the Supervisory Board as a whole.

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. There, the Management Board also reports in detail on existing risks and their development.

Compliance

In order to ensure compliance with legal provisions and internal company guidelines, the Management Board of IONOS Group SE has implemented a Group-wide risk-oriented compliance management system (CMS), the primary objective of which is to avoid or at least minimize actual violations and corresponding risks. Actual violations are to be detected, remedied and - depending on their severity - sanctioned. The core element is a central code of conduct. The Code of Conduct applies to all board members and employees of IONOS Group SE and ensures that the value system is practised consistently and continuously across the board.

Financial disclosures / transparency

It is the declared aim of IONOS Group SE to inform institutional investors, private shareholders, financial analysts, employees and the interested public about the company's situation through regular, open and up-to-date communication on an equal footing.

To this end, all material information, such as press releases, ad hoc disclosures and other mandatory disclosures (such as directors' dealings or voting rights notifications) as well as all financial reports, are published in accordance with legal requirements. IONOS Group SE also provides extensive information on the company's website (www.ionos-group.com). Documents and information on the company's Annual Shareholders' Meetings and other financially relevant information can also be found there.

IONOS Group SE reports to shareholders, analysts and representatives of the press four times per fiscal year on business developments and the financial and earnings position in accordance with a fixed financial calendar. The financial calendar is published and regularly updated on the company's website and in accordance with legal requirements.

In addition, the Management Board issues ad hoc disclosures without delay on circumstances that are not publicly known and could have a significant impact on the share price.

As part of investor relations, the management meets regularly with analysts and institutional investors. In addition, analyst conferences are held to present the half-year and annual figures, to which investors and analysts also have access by telephone.

Accounting and auditing

The IONOS Group's financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS, as adopted by the EU), taking into account Section 315e of the German Commercial Code (HGB). By contrast, the annual financial statements of IONOS Group SE, which are relevant for dividend and tax purposes, are prepared in accordance with the provisions of the German Commercial Code (HGB). The annual and consolidated financial statements are audited by independent auditors. The auditor is elected by the Annual Shareholders' Meeting. The Supervisory Board issues the audit mandate, determines the focal points of the audit and the audit fee and verifies the independence of the auditor.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has been the auditor for IONOS Group SE and the Group since the 2022 fiscal year. The audit partners responsible for the audit are Mr. Christian David Simon and Mr. Erik Hönig.

Remuneration of Management Board and Supervisory Board

The remuneration of the members of the Management Board and Supervisory Board is presented in a detailed remuneration report for the 2023 fiscal year in accordance with Section 162 AktG together with the corresponding auditor's report, which is published on the company's website at https://www.ionos-group.com/investor-relations/publications/reports.html and can be accessed there. The applicable remuneration system pursuant to Section 87a (1) and (2) sentence 1 AktG is presented in detail in the annex to this remuneration report and the most recent remuneration resolution of the Annual Shareholders' Meeting pursuant to Section 113 (3) AktG is also reproduced. Information on the remuneration of the Management Board and Supervisory Board can also be found in the notes to the consolidated financial statements for the 2023 fiscal year under note 42.

Declaration of compliance with the recommendations of the German Corporate Governance Code pursuant to Section 161 AktG

On December 19, 2023, the Management Board and Supervisory Board of IONOS Group SE issued the following Declaration of Conformity in accordance with Section 161 AktG and subsequently published it on the company's website (www.ionos-group.com) and in the Federal Gazette.

The Management Board and Supervisory Board of IONOS Group SE declare in accordance with Section 161 of the German Stock Corporation Act:

The Management Board and Supervisory Board of IONOS Group SE declare that IONOS Group SE has complied and will continue to comply with the recommendations of the German Corporate Governance Code ("Code") in the version dated April 28, 2022, which became effective upon publication in the Federal Gazette on June 27, 2022, with the following exceptions since the initial listing of the company's shares:

Section D.4
Formation of a nomination committee

In addition to the Audit and Risk Committee, the Supervisory Board does not form any other committees, but performs all other tasks as a whole. The Supervisory Board considers this to be appropriate, as efficient discussions in plenary sessions and an intensive exchange of opinions are possible even with a six-member Supervisory Board. The Supervisory Board therefore sees no need to set up a nomination committee.

Section G.1 to G.5
Remuneration of the Management Board - remuneration system

With the submission to the Annual Shareholders' Meeting in May 2023, the remuneration system became the basis for service contracts with members of the Management Board. The remuneration system developed takes into account the recommendations in G.1 to G.5 of the Code without any restrictions. Existing service contracts with members of the Management Board have already complied with the requirements of the remuneration system since the company's shares were first listed on the stock exchange. According to Section G.1 of the Code, the remuneration system should specify, among other things, the maximum amount of total remuneration that may not be exceeded (maximum remuneration). The current remuneration system contains such a maximum remuneration. Maximum remuneration is also shown separately for Management Board member Achim Weiß, CEO of the IONOS Group. However, Mr. Weiß's maximum remuneration may still change as a result of exercising a special right of termination for change of control (see also below) or applying an "early vesting rule" described in the remuneration system and may therefore be significantly higher than the basic maximum remuneration specified for him in the remuneration system. In this respect, a deviation from Section G.1 of the Code is declared purely as a precautionary measure.

Section G.10
Remuneration of the Management Board - Long-term variable remuneration

According to G.10 of the Code, the variable remuneration amounts granted to members of the Management Board should be invested primarily in shares in the company or granted on a share-based basis. In addition, the respective Management Board member should only be able to dispose of such amounts after four years. Share-based remuneration is offered as part of the Stock Appreciation Rights (SARs) program as a long-term remuneration program for the Management Board. The term of this program is 6 years in total. Within these 6 years, the respective member of the Management Board can exercise a portion (1/3) of the SARs allocated at certain times - but not before 3 years. This means that a member of the Management Board can already dispose of part of the long-term variable remuneration after 3 years. Full exercise of all SARs is possible for the first time after 5 years.

The Supervisory Board is of the opinion that this system of long-term compensation for Management Board members within the United Internet Group has proven its worth and sees no reason to further postpone the possibility of disposing of compensation earned under the program. The Supervisory Board believes that the link to the share price of IONOS Group SE and the option to surrender its shares to fulfill the entitlements under the program already ensures that the Management Board member participates appropriately in the risks and opportunities of IONOS Group SE. Because the program is designed for a term of 6 years and the SARs awarded are allocated pro rata over this period and after 3 years at the earliest, the Supervisory Board believes that an optimal commitment effect and incentive control has been achieved in the interests of IONOS Group SE, which makes it unnecessary to further postpone the first disposal option.

Section G.14
Remuneration of the Management Board - change of control regulations

In accordance with G.14 of the Code, commitments for benefits in the event of premature termination of the employment contract by the Management Board member due to a change of control should not be agreed. The employment contracts of ordinary members of the Management Board and the remuneration system for them do not provide for such benefits. Only for the member of the Management Board Achim Weiß, who is also CEO of IONOS, do the remuneration system and contractual agreements provide for the provisions described in the remuneration system in the event of a change of control. In particular, this leads to a special right of termination for Mr. Weiß's employment contract and, if exercised, to an early vesting of SARs allocated to him. In this respect, the company deviates from G.14 of the Code. The Supervisory Board is of the opinion that this regulation is justified against the background of Mr. Weiß's trusting relationship with the medium-sized anchor shareholder of IONOS Group SE and was also necessary against this background to ensure Mr. Weiß's continued work for the IONOS Group.

7. Remuneration report

The Act Implementing the Second Shareholders' Rights Directive (ARUG II) transposed Directive (EU) 2017/828 of the European Parliament and of the Council of May 17, 2017 into national law. In this context, the legislator introduced new statutory provisions on remuneration reporting for listed companies that apply to fiscal years beginning on or after January 1, 2021.

The "new" remuneration report is a report that is separate from the accounting. Key information previously required, in particular individualized reporting on Management Board remuneration and the main features of the remuneration system, has been removed from the (Group) management report and transferred to the new remuneration report in accordance with Section 162 AktG.

The remuneration system and the disclosure of the remuneration of the members of the Management Board and Supervisory Board for the 2023 fiscal year in accordance with Section 162 AktG can be found in the "Remuneration Report 2023", which is published on the company's website at https://www.ionos-group.com.

Information on Management Board and Supervisory Board remuneration can also be found in the notes to the consolidated financial statements under note 42.

8. Dependent company report

The Management Board declares in accordance with Section 312 of the German Stock Corporation Act (AktG) that the company received appropriate consideration for each legal transaction listed in the report on relationships with affiliated companies in accordance with the circumstances known to the company at the time the legal transaction was carried out and was not disadvantaged as a result. No measures were taken or omitted in the reporting year.

Montabaur, March 18, 2024

Achim Weiß   Britta Schmidt   Dr. Jens Reich

IONOS GROUP SE

CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2023

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IONOS Group SE

Consolidated statement of financial position as of December 31, 2023 in €k

	Note	December 31, 2023	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents	18	22,652	26,440
Trade accounts receivable	19	73,512	66,628
Receivables from related parties	20 / 41	63,094	27,964
Contract assets	21	8,235	8,128
Inventories		69	162
Prepaid expenses	22	25,530	23,779
Other financial assets	23	28,313	12,377
Other non-financial assets	23	658	966
Income tax claims	24	2,722	9,918
		224,785	**176,362**
Non-current assets			
Investments in associated companies	25	4,279	2,423
Receivables from finance leases	44	2,851	3,178
Other financial assets	26	761	903
Property, plant and equipment	27	321,661	322,286
Intangible assets			
Other intangible assets	28	164,174	178,826
Goodwill	29	826,271	820,844
Contract assets	21	9	1
Prepaid expenses	22	13,628	8,573
Deferred tax assets	16	37,846	28,109
		1,371,480	**1,365,143**
Total assets		**1,596,265**	**1,541,505**

	Note	December 31, 2023	December 31, 2022
LIABILITIES			
Current liabilities			
Trade accounts payable	30	89,227	80,324
Liabilities to related parties	32 / 42	6,292	6,570
Liabilities due to banks	31	1,125	0
Income tax liabilities	33	21,982	19,471
Contract liabilities	34	84,645	74,375
Other provisions	35	888	594
Other financial liabilities	36	67,947	97,657
Other non-financial liabilities	36	**26,009**	**20,267**
		298,115	299,258
Non-current liabilities			
Liabilities due to banks	31	796,462	0
Liabilities to related parties	32 / 42	350,000	1,245,000
Deferred tax liabilities	16	33,652	38,470
Contract liabilities	34	1,929	1,099
Other provisions	35	**3,262**	**4,203**
Other financial liabilities	36	115,626	115,655
		1,300,931	1,404,427
Total liabilities		**1,599,046**	**1,703,685**
EQUITY			
Issued capital	38	140,000	360
Reserves	39	-122,222	-136,644
Currency translation adjustment	39	**-20,697**	**-26,019**
Equity attributable to shareholders of the parent company		-2,919	-162,303
Non-controlling interests	40	138	123
Total equity		**-2,781**	**-162,180**
Total liabilities and equity		**1,596,265**	**1,541,505**

IONOS Group SE

Consolidated statement of comprehensive income

for the period from January 1 to December 31, 2023 in €k

	Note	2023 January - December	2022 January-December
Revenue from contracts with customers	5	1,378,203	1,244,490
Revenue from contracts with related parties	6	45,531	48,471
Total revenue		**1,423,734**	**1,292,961**
Cost of sales	7	-737,938	-698,247
Gross profit		**685,796**	**594,714**
Selling expenses	8	-318,647	-296,168
General and administrative expenses	9	-97,144	-87,616
Impairment losses on receivables and contract assets	10	-14,145	-8,603
Other operating expenses	11	-14,799	-18,229
Other operating income	11	36,411	23,923
Operating result		**277,472**	**208,021**
Finance costs	14	-93,784	-105,968
Finance income	15	31,875	9,843
Share of the profit or loss of associates accounted for using the equity method	25	-251	112
Pre-tax result		**215,312**	**112,008**
Income taxes	16	-41,066	-37,636
Net income		**174,246**	**74,372**
thereof attributable to			
non-controlling interests	39	15	600
shareholders of IONOS Group SE		174,231	73,772
Result per share of shareholders of IONOS Group SE (in €)	17		
basic		1.24	0.53
diluted		1.23	0.53
Weighted average of outstanding shares (in thousand units)			
basic		140,000	140,000
diluted		141.473	140,000
Reconciliation to total comprehensive income			
Net income		**174,246**	**74,372**
Items that may be reclassified subsequently to profit or loss			
Currency translation adjustment - unrealized		5,322	-5,307
Other comprehensive income		**5,322**	**-5,307**
Total comprehensive income		**179,568**	**69,065**
thereof attributable to			
non-controlling interests		15	600
shareholders of IONOS Group SE		179,553	68,465

*: In accordance with IAS 33.64, earnings per share for the 2023 fiscal year and for the previous year are calculated on the basis of the increased number of 140,000 thousand shares resulting from the capital increase on 1 February 2023. The previous year's figures have been corrected accordingly. See section 17 Earnings per share for further details.

IONOS Group SE

Consolidated statement of changes in equity

for the period from January 1 to December 31, 2023 in €k

	Issued capital	Reserves	Currency translation adjustment	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
	€k	€k	€k	€k	€k	€k
Note	38	1 / 39	39		40	
Balance as of January 1, 2022	**360**	**-213,903**	**-20,760**	**-234,303**	**2,595**	**-231,708**
Net income	0	73,772	0	73,772	600	74,372
Other comprehensive income	0	0	-5,307	-5,307	0	-5,307
Total comprehensive income	**0**	**73,772**	**-5,307**	**68,465**	**600**	**69,065**
Employee stock ownership program	0	442	0	442	0	442
Profit distribution	0	-9	0	-9	-799	-808
	0	0	0	0	0	0
Other	0	3,054	48	3,102	-2,273	829
Balance as of December 31, 2022	**360**	**-136,644**	**-26,019**	**-162,303**	**123**	**-162,180**
Balance as of January 1, 2023	**360**	**-136,644**	**-26,019**	**-162,303**	**123**	**-162,180**
Net income	0	174,231	0	174,231	15	174,246
Other comprehensive income	0	0	5,322	5,322	0	5,322
Total comprehensive income	**0**	**174,231**	**5,322**	**179,553**	**15**	**179,568**
Capital increase from company funds	139,640	-139,640		0		0
Employee stock ownership program	0	-20,169	0	-20,169	0	-20,169
Balance as of December 31, 2023	**140,000**	**-122,222**	**-20,697**	**-2,919**	**138**	**-2,781**

IONOS Group SE

Consolidated cash flow statement

for the period from January 1 to December 31, 2023 in €k

	€k	2023 January - December	2022 January- December
Net income		174,246	74,372
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization of intangible assets and property, plant and equipment	12	87,480	87,124
Depreciation and amortization of assets resulting from business combinations	12	20,428	25,208
Employee expenses from share-based payment programs	37	5,879	4,208
Payments from share-based payment programs	37	-13,630	0
Share of the profit or loss of associates accounted for using the equity method	25	251	-112
Distributed profits of associated companies	25	156	206
Income from the sale of associated companies	11	0	-1,910
Other non-cash items from changes in deferred tax position	16	-27,884	-18,073
Income/Loss from the sale of intangible assets and property, plant and equipment	11	-150	19
Non-cash change in purchase price derivative		-22,881	2,124
Interest expenses		85,969	95,060
Operative cash flow		**309,864**	**268,226**
Change in assets and liabilities			
Change in receivables and other assets	19 / 23 / 26	-17,343	-20,807
Change in inventories		93	-148
Change in contract assets	21	-116	-233
Change in prepaid expenses	22	-6,805	-8,263
Change in trade accounts payable	30	8,903	16,897
Change in receivables from/liabilities to related parties	20 / 32 / 42	-1,521	3,470
Change in other provisions	35	317	1,600
Change in income tax liabilities	16	2,549	6,854
Change in other liabilities	36	7,454	4,587
Change in contract liabilities	34	11,101	3,283
Change in assets and liabilities, total		**4,632**	**7,240**
Cash flow from operating activities		**314,496**	**275,466**

	€k	2023 January - December	2022 January- December
Cash flow from investing activities			
Cash payments to acquire property, plant and equipment and intangibles	27 / 28	-81,699	-97,060
Cash receipts from sales of property, plant and equipment and intangibles		1,561	1,796
Cash payments for business combinations, net of cash acquired	4	-4,416	0
Payments for the acquisition/capital increase of associated companies	25	-2,263	-62
Einzahlungen aus Veräußerung von assoziierten Unternehmen	25	0	3,043
Cash payments/receipts from the sale of other financial assets	26	0	1,050
Payments within the framework of cash pooling		-27,502	-19,326
Payments related to other financial assets		153	-9
Cash flow from investing activities		**-114,166**	**-110,568**
Cash flow from financing activities			
Cash proceeds from loans	31 / 46	800,000	302
Repayment of loans	46	-895,000	-70,302
Payments for interest on loans		-94,604	-90,701
Redemption of lease liabilities	45	-14,920	-12,356
Dividend payments to non-controlling interests		0	-799
Payments to minority shareholders for increased shareholdings in InterNetX Holding GmbH		0	-15,182
Dividend payments to shareholders		0	-9
Cash flow from financing activities		**-204,524**	**-189,047**
Net decrease in cash and cash equivalents		**-4,194**	**-24,149**
Cash and cash equivalents at beginning of period		**26,440**	**49,520**
Currency translation adjustments of cash and cash equivalents		**406**	**1,069**
Cash and cash equivalents at end of period		**22,652**	**26,440**

*: Previous year adjusted. The changes are explained in section 2.1 Explanation of significant accounting policies.

IONOS GROUP SE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2023

BASIS OF PREPARATION AND ACCOUNTING POLICIES

1. General information on the Company and the financial statements

The consolidated financial statements of IONOS Group SE, Montabaur, (hereinafter referred to as "IONOS Group SE" or the "Company") comprise various companies in Germany and abroad (hereinafter collectively referred to as "IO-NOS" or the "Group"). IONOS is the leading European Internet specialist in the hosting business segment and also develops applications for the use of the Internet. In accordance with internal management reporting, there is a single operating segment.

IONOS Group SE has its registered office in 56410 Montabaur, Elgendorfer Straße 57, Germany, where it is registered with the local court under HRB 25386.

The shares of IONOS Group SE have been listed on the regulated market of the Frankfurt Stock Exchange since 8 February 2023. As of December 31, 2023, United Internet AG held 63.8% and WP XII Venture Holdings II SCSp, Luxembourg / Luxembourg 21.2% of the shares in IONOS Group SE. A further 15.0% are in free float.

The consolidated financial statements of IONOS Group SE were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU), and the additional requirements of German commercial law pursuant to Section 315e (1) HGB in conjunction with Section 315e (3) sentence 2 HGB.

The reporting currency is the euro. The disclosures in the notes are made in euros (€), thousands of euros (€k) or millions of euros (€m) as appropriate. The consolidated financial statements are generally prepared using the historical cost principle. This does not apply to individual financial instruments, which are recognised at fair value.

The balance sheet date is December 31, 2023 and the fiscal year corresponds to the calendar year.

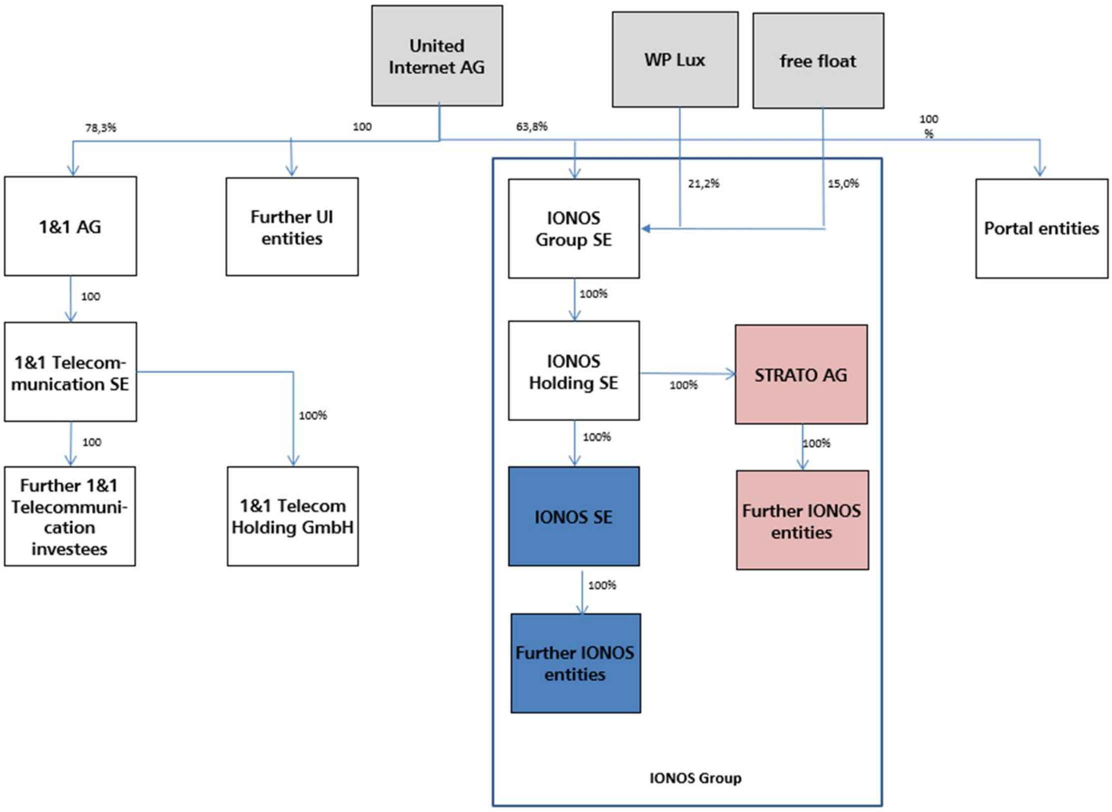
The Supervisory Board approved the consolidated financial statements for 2022 at its meeting on March 21, 2023. The consolidated financial statements were published on March 30, 2023.

The consolidated financial statements were prepared by the Executive Board of IONOS Group SE on March 18, 2024 and subsequently forwarded to the Supervisory Board. Theoretically, changes could still occur until the consolidated financial statements are approved and authorised for publication by the Supervisory Board. However, the Management Board assumes that the consolidated financial statements will be approved in their current version.

IONOS Group SE prepares the consolidated financial statements for the smallest group of companies and publishes them in the Federal Gazette („Unternehmensregister“). The consolidated financial statements for the largest group of companies are prepared by United Internet AG and published in the company register.

Corporate relationship between IONOS and the United Internet Group

The following diagram provides a simplified overview of the corporate structure of the United Internet Group and IONOS as of December 31, 2023:



Basis of consolidatiion

Determination of the basis of consolidation
As of December 31, 2023, the Group comprises the following companies in which IONOS Group SE directly or indirectly holds a majority interest (corresponding to the share of capital shown in brackets). Unless otherwise stated, the share of capital corresponds to the share of voting rights.

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 %)**
  - IONOS Datacenter SAS, Niederlauterbach / France (100.0 %)
  - 1&1 Internet Development SRL, Bucharest / Romania (100.0 %)
  - IONOS Cloud S.L.U. Madrid / Spain (100.0 %)
  - IONOS Inc., Chesterbrook, Pennsylvania / USA (100.0 %)
    - A1 Media USA LLC, Chesterbrook, Pennsylvania / USA (100.0 %)
    - 1&1 Cardgate LLC, Chesterbrook, Pennsylvania / USA (100.0 %)
  - IONOS Cloud Ltd., Gloucester / UK (100.0 %)
  - IONOS S.à r.l., Saargemünd / France (100.0 %)
  - IONOS Service GmbH, Montabaur (100.0 %)

- 1&1 IONOS (Philippines) Inc., Cebu City / Philippines (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., Logroño / Spain (100.0 %)
- InterNetX Holding GmbH, Regensburg (100.0 %)
  - InterNetX GmbH, Regensburg (100.0 %)
    - Schlund Technologies GmbH, Regensburg (100.0 %)
    - PSI-USA Inc., Las Vegas, Nevada / USA (100.0 %)
    - InterNetX Corp., Miami, Florida / USA (100.0 %)
    - PrivateName Services Inc., Richmond / Canada (100.0%)
  - Sedo GmbH, Cologne (100.0 %)
    - DomCollect International GmbH, Montabaur (100.0 %)
    - Sedo.com LLC, Cambridge, Massachusetts / USA (100.0 %)
    - Sedo.cn Ltd., Shenzghen / PR China (100.0%)
- united-domains AG, Starnberg (100.0 %)
  - united-domains Reselling GmbH, Starnberg (100.0 %)
- Immobilienverwaltung AB GmbH, Montabaur (100.0 %)
- home.pl S.A., Szczecin / Poland (100.0 %)
  - AZ.pl Sp. z o.o., Szczecin / Poland (100.0 %)
  - HBS Cloud Sp. z o.o., Szczecin / Poland (100.0 %)
  - premium.pl Sp. z o.o., Szczecin / Poland (75.0 %)
- IONOS Cloud Inc., Newark, Delaware / USA (100.0 %)
- World4You Internet Services GmbH, Linz / Austria (100.0 %)
- we22 GmbH, Cologne (100.0 %)
  - we22 Solutions GmbH, Berlin (100.0 %)
  - CM4all GmbH, Cologne (100.0 %)
    - Content Management Inc., Boston, Massachusetts / USA (i.L.; 100.0 %)

Associated companies

Investments over whose financial and operating policies the company can exercise significant influence are recognised as associates in accordance with IAS 28 using the equity method and consist of the following significant companies:

DomainsBot S.r.l, Rom / Italy (49.0 %)
- Stackable GmbH, Wedel (27.5% after capital increase; previous year: 25.1%)
- Street Media GmbH, Berlin (28.7%)

Changes in the Group

The following company was acquired in the 2023 fiscal year:

- Street Media GmbH, Berlin (28.7 %)

- The following company was liquidated in the 2023 fiscal year:
  - United Domains Inc., Cambridge, Massachusetts / USA (100.0 %)

Going Concern

IONOS Group SE has positive equity in its separate financial statements under commercial law as of December 31, 2023.

The consolidated equity (including amounts attributable to non-controlling interests) of IONOS is negative at € -2,781k (previous year: € -162,180k). The Group's negative equity is not due to past losses, but is mainly the result of a non-cash distribution to the majority shareholder United Internet AG as part of a Group reorganisation in 2017 in connection with the acquisition of 33.33% of IONOS Group SE by Warburg Pincus OOC, New York / USA (hereinafter referred to as "WP).

Until the end of 2016, United Internet AG held all ordinary and preference shares in 1&1 Internet SE (now renamed IONOS SE) and its subsidiaries. In 2017, several reorganisation steps were carried out as part of the acquisition of 33.33% of this group (1&1 Internet SE and its subsidiaries) by WP. Firstly, United Internet AG transferred all ordinary and preference shares in IONOS SE, Montabaur, to its subsidiary IONOS Holding SE, Montabaur, in return for the issue of new ordinary shares and one preference share as well as a long-term vendor loan in connection with the deferral of the purchase price. In a second step, all ordinary shares in IONOS Holding SE were contributed to the newly founded IONOS Group SE in return for the issue of 66.67% of the share capital. The remaining 33.33% of the shares were acquired by WP. WP has undertaken to make cash contributions and further deferred purchase price payments totalling € 369m. As a result of the reorganisation, IONOS Group SE was established as the new top holding company and became the new parent company of the IONOS Group. As neither IONOS Group SE nor IONOS Holding SE were identified as acquirers in accordance with IFRS 3 as part of the Group reorganisation, IONOS Group SE did not apply the acquisition method in accordance with IFRS 3, but instead transferred the assets and liabilities to the consolidated financial statements of IONOS Group SE at the previous carrying amounts of IONOS SE. As a result, the newly created vendor loans between United Internet AG as lender and IONOS Holding SE as borrower (€ 1,569m) were effectively treated as a distribution and the WP commitment (€ 369m) was recognised as a contribution. The net effect of the reorganisation was to reduce the net equity of the IONOS Group SE Group by € 1,200m. Prior to the Group restructuring in 2017, the IONOS SE Group had no significant financial liabilities. In order to adjust the Group's financing structure towards a higher leverage ratio, vendor loans were created as part of the restructuring.

On January 27, 2023, the vendor loan was combined with two further loans from United Internet AG in the amount of € 350m and € 76m to form one loan and, following the repayment of € 800m from a loan agreed with banks, amounted to € 350m as at December 31, 2023 (see Notes 32 and 42). On May 1, 2021, United Internet AG increased its stake in IONOS Group SE to 75.10%, reducing WP Lux's shareholding to 24.90%. Since the IPO of IONOS Group SE on February 8, 2023, United Internet AG has held 63.8% and WP XII Venture Holdings II SCSp, Luxembourg / Luxembourg 21.2% of the shares in IONOS Group SE. A further 15.0% are in free float.

The Group has been prepared under the going concern assumption, as

- IONOS or the previous IONOS SE Group (before the upward expansion of the Group) achieved positive results in the past,
- IONOS will continue to achieve positive results in the future in line with corporate planning and
- IONOS or the previous IONOS SE Group (prior to the upward expansion of the Group) was able to secure financing at all times in the past (including via its main shareholder United Internet AG) and expects to do so in the future as well.

On this basis, it is expected that IONOS will be able to fulfil its financial obligations at all times.

2. Accounting and measurement principles

This section first presents all accounting policies that have been applied consistently for the periods presented in these consolidated financial statements. This is followed by an explanation of the accounting standards applied for the first time in these financial statements and the accounting standards recently published but not yet applied.

2.1 Significant accounting policiesl

Consolidation principles

The consolidated financial statements comprise the financial statements of IONOS Group SE and all domestic and foreign subsidiaries (majority shareholdings) controlled by it. Control within the meaning of IFRS 10 exists when an investor has power over the relevant activities of an entity, is exposed to variable returns from its involvement with the entity and has the ability to affect the amount of those returns through its power over the entity. It is generally assumed that holding a majority of the voting rights leads to control.

Expenses and income, receivables and liabilities as well as results between the companies included in the consolidated financial statements are eliminated.

Profit or loss and each component of other comprehensive income are attributed to the holders of ordinary shares in the parent company and the non-controlling interests, even if this results in a negative balance of non-controlling interests. If necessary, adjustments are made to the financial statements of subsidiaries in order to harmonise their accounting methods with those of the Group.

A change in the amount of the investment in a subsidiary without loss of control is recognised as an equity transaction.

If the Group loses control over the subsidiary, the associated assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognised. Any resulting gain or loss is recognised in the income statement. Any retained interest is recognised at fair value.

Upon loss of control, a gain or loss from the disposal of the subsidiary is recognised 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 retained interests, the carrying amount of the non-controlling interests and the cumulative amounts of other comprehensive income attributable to the subsidiary, to the extent that a reclassification to the income statement is planned, and (ii) the carrying amount of the subsidiary's net assets disposed of.

Non-controlling interests represent the share of profit or loss and net assets that is not attributable to the shareholders of the Group. Non-controlling interests are recognised separately in the consolidated balance sheet. They are recognised in the consolidated balance sheet within equity, separately from the equity attributable to the shareholders of IONOS Group SE. In the event of acquisitions of non-controlling interests (minority interests) or disposals of shares with a controlling influence without losing the controlling influence, the carrying amounts of the shares with and without a controlling influence are adjusted to reflect the change in the respective ownership interest. The amount by which the consideration to be paid or received for the change in the ownership interest exceeds the carrying amount of the relevant non-controlling interest is recognised directly in equity as a transaction with the shareholders.

Business combinations are recognised using the purchase method. This involves recognising all identifiable assets, liabilities and contingent liabilities of the acquired business at fair value at the time of acquisition. If the sum of the acquisition costs exceeds the fair value of the identifiable assets less liabilities and contingent liabilities, goodwill must be capitalised.

Revenue recognitiion

The item from revenue with customers exclusively comprises revenue with third parties.

Revenue from contracts with customers is recognised on the basis of the following five stages:

- Identification of the contract or contracts with a customer
- Identification of independent performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations
- Revenue recognition upon fulfilment of the performance obligations

IONOS is active in the market for web hosting and cloud applications. This essentially comprises design solutions for internet presence (domain registration, web hosting, website building) as well as services in the areas of Infrastructure as a Service, Platform as a Service and Software as a Service.

In addition to Germany, IONOS is primarily active in the USA, the UK, Spain, France, Poland, Austria, Switzerland, Italy, Canada and Mexico and is one of the leading companies in all of these countries. The services are offered by various subsidiaries of IONOS Group SE in Germany and abroad.

Customers generally pay in advance for a contractually fixed period for the services to be provided by the company. The main service in the domains product group is domain registration for the end customer with the respective registry. The resulting revenue is recognised in full at the beginning of the contract term in accordance with the special regulations regarding licences.

Customer contracts in the web hosting product category usually include domain registrations and other time-based services such as storage capacity (web space) and software as a service (SaaS) and therefore represent multi-component transactions. The total remuneration from the customer contract is divided between the various performance obligations. Due to the lack of separate stand-alone selling prices for web space and SaaS and the high variability of prices, the residual method is used to allocate the total consideration. The share of revenue attributable to the period-related services is therefore calculated on the basis of the total consideration less the stand-alone selling price of the domains included.

IONOS grants its customers time-limited monetary promotional discounts on the basic fee for hosting services and/or domains when concluding contracts. These discounts are realised over the contractual term of the agreed service obligations from the customer contracts in line with the associated service obligations. In the case of domains, discounts have an immediate effect on sales due to their realisation at a specific point in time.

The one-off fees invoiced to the customer upon conclusion of the contract, such as activation and setup fees, are allocated to the identified performance obligations and linearised according to their performance. Set-up fees for domains are realised immediately at a specific point in time.

IONOS acts as an agent in relation to certain products. Accordingly, the company recognises sales commissions with service provision in sales revenue. The sales revenues from these products were therefore presented net and recognised at a point in time.

Revenues from the performance-based advertising form of domain marketing represent a further revenue group. In domain marketing, the IONOS Group (via Sedo GmbH) operates a trading platform for the secondary domain market (domain trading). At the same time, the company offers domain holders the opportunity to market unused domains to advertisers (domain parking). In addition to these customer domains, the company also holds its own portfolio of domains that can be sold or marketed. In domain trading, the company receives commissions when a domain is sold via the trading platform and also generates revenue from services relating to domain valuation and transfer. The sales commissions and services are generally calculated as a percentage of the sales price achieved, while the other services are usually fixed prices. In the case of domain parking, marketing (primarily via co-operations with search engines) is mainly carried out via text links, i.e. via references on the parked domains to the advertisers' offers. The company receives monthly performance-related remuneration from the co-operation partner based on the clicks generated, which are determined by the co-operation partner.

The company recognises sales commissions in revenue when the service is rendered. Revenue is therefore recognised after the transaction has been completed or the service has been provided. The remuneration credited by the cooperation partners is recognised monthly in the revenue from domain parking.

Income from services in the areas of development, sales, data centre, administration and product management and allocations to Group companies of the United Internet Group that are not part of the scope of consolidation of IONOS are recognised in accordance with IFRS 15 as soon as the performance obligations are met. As a rule, this is recognised over time, with performance and settlement matching. For reasons of clarity, this is recognised separately in the consolidated statement of comprehensive income under the item "Revenue from related parties“.

A contract asset must be recognised if IONOS has recognised revenue due to the fulfilment of a contractual performance obligation before the customer has made a payment or before the conditions for invoicing and thus the recognition of a receivable have been met.

A contract liability is recognised if the customer has made a payment or a receivable from the customer falls due before IONOS fulfils a contractual performance obligation and thus recognises revenue.

Foreign currency translation

The consolidated financial statements are prepared in euros, the company's functional and presentation currency. Each company within IONOS determines its own functional currency. The items contained in the financial statements of the respective company are measured using this functional currency. Foreign currency transactions are initially translated into the functional currency at the spot rate applicable on the date of the transaction. Monetary assets and liabilities in a foreign currency are translated into the functional currency on each reporting date using the closing rate. All currency differences are recognised in profit or loss. This does not apply to currency differences from foreign currency loans if they are used to hedge a net investment in a foreign operation. These are recognised directly in equity until the net investment is sold and only recognised in profit or loss for the period upon disposal. Deferred taxes arising from these currency differences are also recognised directly in equity. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated at the exchange rate applicable at the time the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities resulting from the acquisition of that foreign operation are recognised as assets and liabilities of the foreign operation and translated at the closing rate.

The assets and liabilities of foreign operations are translated into euros at the closing rate. Income and expenses are translated at the exchange rate on the date of the transaction (for practical reasons, a weighted average exchange rate is used for translation if exchange rates do not fluctuate significantly). The resulting translation differences are recognised as a separate component of equity. The cumulative amount recognised in equity for a foreign operation is released to the income statement when this foreign operation is sold.

The exchange rates of the main currencies developed as follows:

	Closing rate		Average rate	
(in relation to € 1)	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
Polish zloty	4.342	4.686	4.539	4.685

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is depreciated on a straight-line basis in accordance with its useful life and the expenses are allocated in line with functional costs. Depreciation of property, plant and equipment is based on the following useful lives:

Property, plant and equipment	Useful life in years
Leasehold improvements	up to 33
Motor vehicles	5 to 6
Operating and office equipment	2 to 15
Office furniture and fixtures	3 to 15
Servers	4,5 years

The residual values, useful lives and amortisation methods are reviewed at the end of each fiscal year and adjusted if necessary.

Leasehold improvements are included in the "Changes in intangible assets and property, plant and equipment" under "1. Land and buildings", while motor vehicles, operating and office equipment, office furniture and servers are included under "2. Operating and office equipment".

If there are indications of impairment, an impairment test is carried out. If impairment is necessary, it is recognised in the functional areas to which the asset in question was allocated.

An item of property, plant and equipment is derecognised either upon disposal or when no further economic benefit is expected from the continued use or sale of the asset. The gains or losses resulting from the disposal of the asset are recognised in the statement of comprehensive income.

For property, plant and equipment acquired as part of company acquisitions, the remaining useful life to be applied in each case is determined primarily on the basis of the aforementioned useful lives and the useful lives already elapsed at the time of acquisition.

Impairment tests and the recognition of impairment losses and reversals of impairment losses are carried out in accordance with the procedure for intangible assets with finite useful lives.

Intangible assets

The Group has control over an asset if it is in a position to obtain the future economic benefits that flow from the underlying resource and it can restrict third parties' access to these benefits.

- ### Recognition and initial measurement of acquired intangible assets

Individually acquired intangible assets are initially recognised at cost. Intangible assets recognised as part of business combinations are initially recognised at fair value. If the sum of acquisition costs, the value of non-controlling interests and equity interests held prior to the acquisition date exceeds the fair value of the identifiable assets less liabilities and contingent liabilities, goodwill is recognised as an asset.

The intangible assets acquired by the Group are mainly customer bases acquired as part of business combinations and software/licences. These assets have a finite useful life. Intangible assets also include those with an indefinite useful life. These are mainly brand rights and goodwill acquired as part of business combinations.

- ### Recognition and initial measurement of internally generated intangible assets

In the case of internally generated intangible assets, the expenditure for the development phase is capitalised if a clear allocation of expenses is possible and both the technical feasibility and the marketing or, in the case of future internal use, the benefit of the newly developed products are ensured (IAS 38.57). It must also be sufficiently probable that the development activity will lead to future economic benefits. Capitalised development costs include all direct costs and overheads directly attributable to the development project. In the case of IONOS, this is essentially a standardised Group billing system.

In the fiscal year, € 2,289k (previous year: € 1,529k) was capitalised here. IONOS does not engage in traditional research and development, meaning that no expenses attributable to this area are recognised.

- ### Subsequent measurement

Acquired and internally generated intangible assets with finite useful lives are amortised on a straight-line basis over the period of use. Capitalised development costs are amortised from the date on which the asset can be used. Amortisation is recognised under the expense category that corresponds to the function of the intangible asset in the company.

Scheduled amortisation is based on the following useful lives:

	Useful life in years
Trademarks	Indefinite
Customer base	2 to 10
Software/licenses	3 to 5
Internally generated intangible assets	6 to 15
Other intangible assets (domain addresses)	indefinite

For intangible assets with a finite useful life, indications of impairment are identified on an ad hoc basis and, if there are any, an impairment test is carried out. If the reasons for impairment no longer apply, the impairment loss is reversed to amortised cost. During the development phase of capitalised development costs, an impairment test is carried out at least once a year.

Intangible assets with an indefinite useful life are not amortised but tested for impairment at least once a year or whenever events or changes in circumstances indicate that the carrying amount may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed once a year to determine whether the assessment of the indefinite useful life is still justified. If this is not the case, the assessment is changed from an indefinite useful life to a finite useful life on a prospective basis. An impairment test is performed at the level of the individual asset or at the level of the cash-generating unit. To determine a possible impairment, the carrying amount is compared with the recoverable amount.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. As no separate cash inflows generated independently of other assets can be allocated to goodwill, impairment must be tested on the basis of the superordinate groups of cash-generating units of assets. Goodwill is allocated to the group of cash-generating units that is expected to benefit from the synergies of the business combination from which the goodwill arose.

The recoverable amount of an asset or a cash-generating unit is the higher of the fair value of an asset or a cash-generating unit less costs to sell and the value in use. To determine the value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market expectations with regard to the interest effect and the specific risks of the asset. An appropriate valuation model is used to determine the fair value less costs to sell. This is based on DCF models, valuation multipliers, stock market prices of exchange-traded subsidiaries or other available fair value indicators. If the carrying amount of an asset or cash-generating unit exceeds the recoverable amount, the asset or cash-generating unit is considered impaired and written down to the recoverable amount. An impairment loss recognised for goodwill may not be reversed in subsequent reporting periods. The Group performs an annual impairment test on goodwill and other intangible assets with indefinite useful lives and capitalised costs during the development phase as at the balance sheet date.

Shares in associated companies

Investments in associates are accounted for using the equity method. An associated company is a company over which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over the decision-making processes.

Under the equity method, shares in an associated company are recognised in the balance sheet at acquisition cost plus any changes in the company's share of the net assets of the associated company occurring after the acquisition. The goodwill associated with an associated company is included in the carrying amount of the investment.

The financial statements of the associated company are generally prepared as at the same balance sheet date as the financial statements of the parent company.

Costs to obtain a contract

Additional costs incurred in initiating a contract with a customer (e.g. sales commissions) are capitalised if the Group expects to recover these costs.

Capitalised contract initiation costs are amortised over the estimated useful life. They are recognised in the balance sheet under deferred expenses. The amortisation of contract initiation costs is reported under selling expenses.

The amortisation periods applied for the contract initiation costs are 1 to 5 years.

Leases

A lease exists when the lessor transfers the right to use a clearly specified asset to the lessee for a certain period of time in return for payment of a fee. The IONOS Group acts as lessee and lessor.

- IONOS as lessee

The present value of future lease payments is recognised as a lease liability and reported under other financial liabilities. Lease payments include fixed payments (including de facto fixed payments) less any lease incentives to be received, variable lease payments linked to an index or interest rate and amounts expected to be payable under residual value guarantees. The lease payments also include the exercise price of a purchase option if it is reasonably certain that the Group will actually exercise it, and penalties for cancelling the lease if the term takes into account that the Group will exercise the cancellation option. Variable lease payments that are not linked to an index or interest rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The lease payments are divided into repayment and interest components using the effective interest method. The present value is determined by discounting using an incremental borrowing rate of interest equivalent to the risk and term. To determine the incremental borrowing rate, reference interest rates for a period of up to 15 years are derived from risk-free interest rates with matching maturities, increased by credit risk premiums and adjusted by a liquidity and country risk premium.

Corresponding to the lease liability, the right to use the leased asset is capitalised in property, plant and equipment at the beginning of the lease. The costs of right-of-use assets include the recognised lease liabilities, the initial direct costs incurred, the lease payments made on or before provision and dismantling costs less any lease incentives received.

Right-of-use assets are amortised on a straight-line basis over the term of the lease as follows:

	Useful life in years
Land and buildings	1 to 14
Operating and office equipment	1 to 5

The practical expedient under IFRS 16.5 is utilised for leases of low value and for leases with a term of less than twelve months. The IONOS Group has only a small number of such leases, which mainly relate to office equipment. Furthermore, the accounting provisions of IFRS 16 are not applied to leases of intangible assets. Contracts may contain both lease and non-lease components. Non-lease components are generally separated from lease components and recognised as an expense.

The leases in which the IONOS Group is the lessee mainly relate to the rental of buildings and vehicles. In the case of buildings, various leased objects such as space (office space, data centre space, storage space or parking spaces, etc.) can be the subject of a contract.

The majority of leases contain extension and cancellation options. The Group determines the term of the lease based on the non-cancellable basic term of the lease and taking into account the periods resulting from an option to extend the lease if it is reasonably certain that it will exercise this option, or the periods resulting from an option to terminate the lease if it is reasonably certain that it will not exercise this option. All relevant facts and circumstances that provide an economic incentive to exercise existing options are taken into account. To determine the term, terms until 2033 and 2035 were assumed for the strategic locations in Montabaur and Karlsruhe.

- IONOS as lessor

IONOS also acts as lessor in the subleasing of office buildings to subsidiaries of the United Internet Group which are not part of the Group's scope of consolidation. The classification of this sublease agreement is based on the right-of-use asset from the main lease. As the term of the sublease corresponds to that of the main lease, the lease from the sublease is classified as a finance lease. The pro rata right of use is derecognised and a receivable is recognised in the amount of the net investment value. Payments by the lessee are treated as repayments of principal or interest income. The current portion of the net investment in the lease is recognised in current trade receivables and the non-current portion as receivables from finance leases.

Financial instruments

Financial assets and liabilities are recognised and measured in accordance with the provisions of IFRS 9 and are recognised on the date on which the Group becomes a contracting party. Regular way purchases are recognised on the trade date. Financial instruments are initially recognised taking transaction costs into account, unless they are recognised at fair value through profit or loss.

Financial assets

The classification of financial assets for subsequent measurement into amortised cost (ac), fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL) is based on the business model and the characteristics of the cash flows.

If a financial asset is held to maturity with the aim of collecting contractual cash flows and the cash flows of the financial asset represent solely payments of principal and interest, it is measured at amortised cost (ac).

The Group's financial assets comprise cash and cash equivalents, trade receivables and receivables from related parties, loans granted and other financial assets and are measured in full at amortised cost. With the exception of trade receivables, they are initially recognised at fair value. The fair values recognised in the balance sheet generally correspond to the market prices of the financial assets.

Cash and cash equivalents consist of bank balances, other financial investments, cheques and cash in hand, all of which have a high degree of liquidity and a remaining term of less than three months from the date of acquisition. Cash and cash equivalents are recognised at acquisition cost.

Trade receivables do not contain a significant financing component and are recognised at the transaction price upon addition.

Financial assets measured at amortised cost are measured in subsequent periods using the effective interest method and are tested for impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognised if the contractual rights to receive cash flows from the financial asset have expired.

Impairment of financial assets

For trade receivables and contract assets, the Group uses a simplified (one-step) method to calculate expected credit losses, whereby a risk provision is recognised at each reporting date in the amount of the credit losses expected over the remaining term.

Expectations regarding future credit losses are formed on the basis of regular reviews and assessments as part of credit monitoring. Historical data is regularly used to derive correlations between credit losses and various factors (e.g. payment agreement, overdue status, dunning level, etc.). Future credit losses are estimated on the basis of these correlations, supplemented by current observations and forward-looking assumptions regarding the portfolio of receivables and contract assets held as at the reporting date.

The Group's operating business is essentially in the mass customer business. Default risks are therefore taken into account by means of specific valuation allowances and generalised specific valuation allowances. Specific valuation allowances for overdue receivables are mainly recognised depending on the age structure of the receivables with different valuation discounts, which are mainly derived from the success rates of the collection agencies commissioned to collect overdue receivables. Trade receivables that have been written off in full are derecognised 180 days after they are handed over for collection if there is no positive feedback from the collection agency and no unexpected payment is received from the customer for an impaired receivable, or if the customer's inability to pay is known before or after handover to the collection agencies.

Financial liabilities

Financial liabilities include, in particular, trade payables, lease liabilities, liabilities to banks and liabilities to related parties (operating and loan liabilities). With the exception of lease liabilities, financial liabilities are allocated either to the category of financial liabilities measured at fair value through profit or loss or to financial liabilities measured at amortised cost.

Contingent purchase price liabilities from the acquisition of a subsidiary are recognised at fair value through profit or loss. All other financial liabilities are allocated to the category of financial liabilities measured at amortised cost. These are measured at fair value, taking transaction costs into account. In subsequent periods, these financial liabilities are generally recognised at amortised cost using the effective interest method. Amortisation using the effective interest method is included in the income statement as part of finance costs.

A financial liability is derecognised when the underlying obligation is discharged, cancelled or expired.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Relationships with related parties

IONOS offers related companies administrative services or its hosting products. This includes the areas of development, sales, computer centre, administration and product management. It also works together with the Group cash management of United Internet AG, Montabaur, with regard to the supply of short-term funds and the investment of surplus liquidity. This generally serves the purpose of short-term financing and the short-term investment of surplus liquidity. The loans granted and funds invested as part of this business relationship are recognised as liabilities to or receivables from related parties and are generally due or available on demand. In accordance with the cash pool agreement, IONOS Holding SE, as the cash pool leader of IONOS, is authorised to draw on liquidity to finance its ongoing business, meaning that IONOS considers the cash pool transactions in this case to have the character of financing and are therefore classified as financing activities and are therefore reported in the cash flow statement under cash flow from financing activities. If there is a receivable from cash pooling at the end of the period, this surplus liquidity, on which interest is paid by United Internet AG, is deposited with the latter as an investment and thus recognised in the cash flow statement under cash flow from investing activities.

There are long-term loan agreements with United Internet AG, which are recognised in the cash flow statement under cash flow from financing activities.

Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale up to the date of disposal.

The inventories of IONOS mainly consist of domains. The lower marketability of the domains is interpreted as a decreasing probability of sale, as a result of which the achievable net sales proceeds fall due to the higher costs up to the time of sale in conjunction with a lower sales price expectation.

After a holding period of seven years, the probability of sale is categorised by IONOS as tending towards zero and is assumed to be zero for simplification purposes.

Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If IONOS expects at least a partial reimbursement for a provision recognised as a liability (e.g. for an insurance contract), the reimbursement is only recognised as a separate asset if the inflow of the reimbursement is virtually certain. The expense from the creation of a provision is recognised in profit or loss after deduction of the reimbursement.

Provisions are measured at present value on the basis of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Provisions exist in particular for restoration obligations in connection with rented office space.

Share-based payment

As remuneration for the work performed, employees and members of the Group's Management Board receive share-based remuneration in the form of equity instruments and in the form of the granting of stock appreciation rights, which can be settled in cash or equity instruments at the company's discretion. Agreements on stock appreciation rights, which are to be settled in cash, only exist with employees in the new remuneration plan launched in the 2021 fiscal year. The Group's obligation is recognised as other provisions in accordance with the provisions of IFRS 2. In all other IONOS agreements, there is currently no obligation to settle in cash, meaning that the relevant share-based payment transactions are recognised as equity-settled transactions.

For obligations from the granting of share-based payments to employees that are settled in cash, the fair value of the liability is recalculated on each balance sheet date and at the time of payment. In order to estimate the fair value, a suitable valuation method must be determined for the granting of these instruments; this depends on the contractual conditions. It is also necessary to determine suitable data to be included in this valuation method, including in particular the expected option term, volatility, exercise behaviour and dividend yield as well as corresponding assumptions. Expenses resulting from the granting of share-based payments and the corresponding increase in the provision are recognised over the period in which the exercise or performance conditions must be fulfilled (vesting period). This period ends on the date of the first exercise option, i.e. the date on which the employee in question becomes irrevocably entitled to receive the shares.

The costs from equity-settled agreements are measured at the fair value of these equity instruments at the time they are granted. The fair value is determined using a suitable option pricing model; the Black-Scholes model and the Monte Carlo simulation are used here. The expected exercise volume is reassessed at each balance sheet date and the addition is adjusted accordingly. Any necessary adjustments are recognised in the period in which new information on the exercise volume becomes available. Expenses resulting from the granting of equity-settled agreements and cash-settled agreements are recognised over the period in which the associated work is performed (vesting period). This period ends on the date on which all vesting conditions (service and performance conditions) are met, i.e. the date on which the employee in question becomes irrevocably entitled. The cumulative expenses recognised on each balance sheet date up to the date of the first exercise option reflect the portion of the vesting period that has already expired and the number of promised rights that, according to the Group's best estimate, will actually become exercisable at the end of the vesting period. A fluctuation probability of 0% is applied in each case. The income or expense recognized in personnel expenses in the result for the period corresponds to the development of the cumulative expenses recognized at the beginning and end of the reporting period.

When granting new equity instruments as a result of the cancellation of previously granted equity instruments, IFRS 2.28(c) requires a review of whether the newly granted equity instruments represent a replacement for the previous or cancelled instruments.

In the case of classification as a replacement, the new equity instruments are recognised in the same way as a modification of the originally granted instruments. New equity instruments that were not granted as a replacement for cancelled equity instruments are recognised as newly granted equity instruments. The benefits received are recognised at least at the fair value determined on the grant date (of the original instruments). If the changes are advantageous to the employee, the additional fair value of the new equity instruments is determined and recognised as an additional expense over the vesting period. The additional fair value is determined from the difference between the fair value of the equity instruments designated as replacements and the net fair value of the cancelled equity instruments on the grant date of the replacement instruments.

Financial income

Interest income is recognised when the interest has accrued. Measurement is based on the effective interest rate, i.e. the discount rate used to discount estimated future cash inflows over the expected term of the financial instrument to the net carrying amount of the financial asset. Dividend income is recognised when the legal entitlement to payment arises.

Public subsidies / electricity price brake

In the current fiscal year, the Group utilised the support provided by the electricity price brake on the basis of the Electricity Price Brake Act in order to respond to the increased energy costs. In accordance with IAS 20.29, the receipt of the relief amount or subsidy was recognised in the income statement as a reduction in the corresponding primary expense. It should be noted that the final settlement of the utilisation of the electricity price brake was still outstanding at the time the financial statements were prepared. The provisional amount of the utilisation is in the low single-digit million range.

Current and deferred taxes

The tax expense for a period is made up of current taxes and deferred taxes. Current taxes are measured at the amount expected to be refunded by the tax authorities or paid to the tax authorities. The calculation of the amount is based on the tax rates and tax laws that apply or will soon apply on the reporting date in the countries in which the Group operates and generates taxable income.

Deferred taxes are recognised using the liability method on temporary differences at the balance sheet date between the carrying amount of an asset or liability in the balance sheet and its tax base, unless the difference in carrying amounts results from the initial recognition of goodwill and would give rise to deferred tax liabilities or 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 for the period under IFRS nor taxable profit or loss. Deferred tax liabilities arising from temporary differences in connection with investments in subsidiaries and associates are recognised unless the timing of the reversal of the temporary differences can be determined within the Group and it is probable that the temporary differences will not reverse in the foreseeable future due to this influence.

In addition, deferred tax assets are recognised for expected tax benefits from the future use of tax interest carryforwards. The calculation is based on the tax rates applicable on the reporting date, unless a tax rate change has already been decided for the period of the expected reversal of the temporary differences or the expected utilisation of loss carryforwards and tax credits. Deferred tax assets are only recognised if it appears highly probable that the tax benefits will be realised within the planning horizon.

Changes in recognised deferred taxes lead to deferred tax expense or income. If the change in deferred taxes results from items recognised in other comprehensive income, the deferred taxes and their changes are also recognised in other comprehensive income.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the deferred tax asset can be utilised, at least in part. Unrecognised deferred tax assets are reviewed at each balance sheet date and recognised 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 netted for each company or tax group if they relate to income taxes levied by the same tax authority and IONOS has a legally enforceable right to offset actual tax refund claims against actual tax liabilities.

Earnings per share

Basic earnings per share are calculated by dividing the earnings attributable to the holders of registered shares by the weighted average number of shares issued for the period.

Diluted earnings per share are calculated in a similar way to earnings per share, with the exception that the average number of shares issued is increased by the proportion that would have resulted if the exercisable subscription rights resulting from the employee share ownership programme had been exercised.

Change in the presentation of the cash flow statement

In order to better harmonise EBITDA and free cash flow, the Group has adjusted the interest payments in the cash flow statement and no longer presents them in the operating cash flow, but in the cash flow from financing activities. As interest expenses are not included in EBITDA - which serves as a measure of operating earnings and excludes interest, taxes, depreciation and amortisation - the inclusion of interest payments in operating cash flow can lead to a distortion in the presentation of actual operating performance.

The reclassification of interest payments to the financing section of cash flow improves the presentation of the company's financial results and achieves greater consistency between EBITDA and free cash flow. In addition, the interest portion of the repayment of lease liabilities has been eliminated, which now enables the entire outflow of interest payments to be presented in one line.

This measure thus contributes to a more transparent presentation of the company's financial performance and emphasises the company's ability to repay its debts. In addition, a transparent and comparable presentation of the cash flow can be created, giving investors and other stakeholders an understanding of the company's financial performance.

2.2 Summary of measurement principles

The Group's valuation principles are summarised and simplified as follows - provided there are no impairments:

Balance sheet items	Measurement
ASSETS	
Cash and cash equivalents	Amortized cost
Trade accounts receivable	Amortized cost
Receivables from related parties	Amortized cost
Finance lease receivables	Amortized cost
Contract assets	Amortized cost
Intangible assets	
with finite useful lives	Amortized cost
with indefinite useful lives	Impairment-only approach
Property, plant and equipment	Amortized cost
Investments in associated companies	Equity method
Other financial assets	
Equity instruments	Financial assets designated at fair value through other comprehensive income without reclassification of cumulative gains and losses on derecognition
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 enacted or substantively enacted on the reporting date
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 periiod in which an asset is realized or a liability settled
Income tax liabilities	Expected payment tot he tax authorities based on tax rates enacted or substantively enacted on the reporting date
Trade accounts payable	Amortized cost
Liabilities to related parties	Amortized cost
Contract liabilities	Amortized cost
Other provisions	Expected discounted amount that will lead to outflow of resources
Other non-financial liabilities	
Contingent 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

The following standards were applied for the first time for the fiscal year from January 1, 2023:

Standard		Mandatory application for fiscal years starting from	Takeover by EU Commission
IAS 1	Amendment: Provisions on the disclosure of material information relating to accounting policies	Jan. 1, 2023	Yes
IAS 8	Amendment: New definition to distinguish between accounting policies and accounting estimates	Jan. 1, 2023	Yes
IAS 12	Amendment: Scope of the exemption according to which no deferred tax assets or liabilities are to be recognised at the time an asset or liability is recognised	Jan. 1, 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. 1, 2023	Yes
IFRS 17	Amendment: Replaces the previously applicable transitional standard IFRS 4. The standard regulates the accounting treatment of insurance contracts.	Jan. 1, 2023	Yes
IFRS 17	Amendment: Comparative information on the first-time application of IFRS 17 and IFRS 9	Jan. 1, 2023	Yes

These changes had no material impact on the consolidated financial statements and are not expected to have a material impact on the Group in the future. For information on Pillar 2, please refer to Note 16 Income taxes.

2.4 Accounting standards already published but not yet mandatory

In addition to the aforementioned mandatory IFRSs, the IASB has published further IFRSs and IFRICs, some of which have already been endorsed by the EU, but whose application is not mandatory until a later date. IONOS Group SE will probably only implement these standards in the consolidated financial statements at the time of mandatory application.

Standard		Mandatory application for fiscal years starting from	Takeover by EU Commission
IAS 1	Amendment: Clarification of the criteria for classifying liabilities as current or non-current and non-current liabilities with covenants	Jan. 1, 2024 (originally 2023)	Yes
IFRS 16	Amendment: Lease liabilities in the event of a sale and leaseback transaction	Jan. 1, 2024	Yes
IAS 7 / IFRS 7	Amendment: Information on financing agreements with suppliers	Jan. 1, 2024	No
IAS 21	Amendment: Addition to the rules on currency conversion in the event of a lack of exchangeability	Jan. 1, 2025	No

No material effects are expected from the amendments to IFRS that have already been published but are not yet applicable.

3. Significant judgments and accounting estimates

In preparing the consolidated financial statements, management makes judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date.

Significant judgments, estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

Impact of climate change

Environmental and social issues can affect the value of the Group's assets in various ways. These risks include rising energy prices for renewable energy to operate our data centres. An increase in extreme weather events at certain locations could also lead to damage to the data centres and potential interruptions to customer service. The company currently assumes that the effects caused by environmental and social issues will not have a material impact on impairment tests or the consolidated financial statements.

Overall economic situation

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 destabilising effects of the war in Ukraine, the war in the Middle East is also contributing to increased uncertainty about the economic future. IONOS is responding to this by actively accepting the current challenges and integrating them into its business decisions, in particular by developing strategies to minimise risk, such as reducing the proportion of floating-rate debt or through diversified procurement strategies to ensure a secure and fair energy supply.

The Group, whose business activities are not active in the countries involved in the wars, is nevertheless confronted with their indirect effects. IONOS has proactively developed risk management strategies against the backdrop of the negative security situation caused by the war in the Middle East and the war in Ukraine, in particular the transport of goods through the Suez Canal and the potential indirect effects on global business processes:

- **Cybersecurity risks:** In view of the increased cyber security threats associated with the wars in the Middle East and Ukraine, the company is stepping up its investment in cyber security measures. This includes the use of advanced monitoring techniques, conducting regular security audits and training its employees to strengthen its defences against cyberattacks.
- **Hardware bottlenecks:** The company is adapting its logistics and procurement strategies to overcome potential hardware bottlenecks caused by the negative security situation in connection with the transport of goods through 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 operational managers will closely monitor further developments and initiate appropriate countermeasures where necessary (if possible).

Revenue recognition

Customer contracts in the web hosting product category generally comprise several separate service obligations that are to be realised both at a specific time (domain registration service obligation) and over a specific period of time (web space and SaaS service obligation). The total remuneration from the customer contract is therefore divided between the different service obligations. Due to the lack of separate individual sales prices for webspace and SaaS and the high variability of prices, the residual method is used to allocate the total fee. The share of revenue attributable to the period-related services is therefore calculated on the basis of the total fee less the stand-alone selling price of the domains included. The stand-alone selling prices for domains are derived from the company's sales, which are based on assumptions and estimates. Changes to these assumptions and estimates can therefore also have an impact on the amount and timing of revenue recognition.

The guiding principle for determining whether a company is acting as a headmaster 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 judgements often have to be made. This applies in particular to services in connection with the marketing of websites and the sale of products and services from third-party providers by the Group.

Cost to obtain a contract

The determination of the estimated amortisation periods for contract initiation costs is based on past experience and is subject to significant uncertainties, particularly with regard to unforeseen customer or technological developments. A change in the estimated amortisation periods affects the timing of expense recognition. The carrying amount of capitalised contract initiation costs amounted to € 23,874k as at December 31, 2023 (previous year: € 16,153k).

Impairment of non-financial assets

The Group tests goodwill and other intangible assets with an indefinite useful life for possible impairment at least once a year and whenever there are indications of impairment. The recoverable amount of the corresponding cash-generating unit to which the goodwill or intangible assets are allocated is determined either as the "value in use" or as the fair value less costs to sell. The carrying amount of goodwill totalled € 826,271k (previous year: € 820,844k). The carrying amount of intangible assets with indefinite useful lives amounts to € 54,018k as at December 31, 2023 (previous year: € 51,164k).Klicken oder tippen Sie hier, um Text einzugeben.

To estimate the value in use or fair value less costs to sell, management must estimate the expected future cash flows of the asset or cash-generating unit and select an appropriate discount rate to determine the present value of these cash flows. For further details, including a sensitivity analysis of the key assumptions, please refer to the note "Goodwill and impairment of goodwill and intangible assets with indefinite useful lives" under note 29.

The key assumptions made by management with regard to determining the recoverable amount of the cash-generating units include assumptions regarding the development of sales and the discount rate.

Share-based payment

For share-based payment agreements, the costs from equity-settled agreements are measured at the fair value of these equity instruments at the time they are granted. For agreements that are recognised as cash-settled share-based payment transactions, the fair value of the liability is recalculated on each balance sheet date and at the time of payment. In order to estimate the fair value, a suitable valuation method must be determined for the granting of equity instruments; this depends on the contractual conditions. It is also necessary to determine suitable data to be included in this valuation method, including in particular the expected option term, volatility, exercise behaviour and dividend yield as well as corresponding assumptions. A change in these assumptions can lead to significant personnel expenses in subsequent years.

Expenses of € 5,879k (previous year: € 4,208k) were incurred in the fiscal year from share-based remuneration (long-term incentives programme).

Taxes

Uncertainties exist with regard to the interpretation of complex tax regulations and the amount and timing of future taxable income. As a result, and given the complexity of existing contractual agreements, it is possible that differences between the actual results and the assumptions made or future changes to such assumptions may require future adjustments to the tax income and tax expense already recognised. Based on reasonable estimates, the Group recognises liabilities for the possible effects of external tax audits in the countries in which it operates.

The amount of such liabilities is based on various factors, such as experience from previous external tax audits and different interpretations of tax regulations by the taxable entity and the competent tax authority. Such different interpretations can result from a variety of different circumstances, depending on the conditions prevailing in the country in which the respective Group company is domiciled. The carrying amount of income tax liabilities as at December 31, 2023 was € 21,283k (previous year: € 19,471k), which is mainly attributable to current income taxes for the 2023 fiscal year.

Deferred tax assets are recognised for unused interest carryforwards to the extent that it is probable that taxable income will be available against which the interest carryforwards can actually be utilised. In determining the amount of deferred tax assets that can be capitalised, significant management judgement is required with regard to the expected timing and amount of future taxable income and future tax planning strategies. As at December 31, 2023, deferred tax assets on interest carryforwards amounting to € 66,766k (previous year: € 36,069k) were capitalised.

Trade receivables and contract assets

Trade receivables and contract assets are recognised in the balance sheet net of any valuation allowances. Allowances for doubtful receivables are recognised on the basis of expected credit losses based on regular reviews and assessments as part of credit monitoring. The assumptions made for this purpose regarding the payment behaviour and creditworthiness of customers are subject to significant uncertainties. The carrying amount of trade receivables as at December 31, 2023 was € 73,512k (previous year: € 66,628k). The carrying amount of contract assets as at December 31, 2023 was € 8,244k (previous year: € 8,129k).

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are initially recognised at acquisition or production cost. Property, plant and equipment and intangible assets with finite useful lives are then amortised on a straight-line basis over their assumed useful lives. The assumed useful lives are based on past experience and are subject to significant uncertainties, particularly with regard to unforeseen technological developments. The carrying amount of property, plant and equipment and intangible assets with finite useful lives and excluding prepayments as at December 31, 2023 amounts to € 417,495k (previous year: € 440,649k).

Right-of-use assets and lease liabilities

For the term of the lease, a right-of-use asset is recognised in the amount of the present value of the future lease payments plus initial direct costs, advance payments and dismantling costs and less incentive payments received, which is amortised over the term of the lease. At the same time, a lease liability is recognised in the amount of the future lease payments less the interest portion. Estimates regarding future utilisation are required to determine the term of leases, particularly for contracts with extension and termination options. The contracts for the business premises in Montabaur and Karlsruhe contain extension options. To determine the term of these contracts, a term until 2033 was assumed due to their strategic importance for the Group, with the exception of two contracts for buildings occupied in 2020 in Karlsruhe with an assumed term until 2035. For the contracts for office buildings at the other locations, extension options are generally not included in the determination of the term, as these assets could be replaced by the Group without significant costs.

The incremental borrowing rate is used to measure the right-of-use assets and lease liabilities. To determine the incremental borrowing rate, reference interest rates for a period of up to 13 years are derived from risk-free interest rates with matching maturities, increased by credit risk premiums.

Accounting for business combinations

Business combinations are recognised using the purchase method. Goodwill from business combinations is initially recognised as the excess of the cost of the business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Costs incurred as part of the business combination are recognised as an expense and reported under other operating expenses.

The determination of the fair values of the acquired assets and liabilities and the contingent purchase price payments as at the acquisition date is subject to significant estimation uncertainties. When identifying intangible assets, depending on the type of intangible asset and the complexity of determining the fair value, either independent appraisals by external valuation experts are used or the fair value is determined internally using an appropriate valuation technique for the respective intangible asset, which is usually based on the forecast of the total expected future cash flows generated. These valuations are closely linked to the assumptions and estimates that management has made regarding the future development of the respective assets and the discount rate to be applied.

4. Business combinations and investments

Business combinations in the fiscal year

IONOS did not acquire any shares in subsidiaries or equity investments in the 2023 and 2022 fiscal years.

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

5. Revenue from contracts with customers/segment reporting

According to IFRS 8, the identification of reportable operating segments is based on the so-called management approach. Accordingly, external reporting is based on the Group's internal organisational and management structure as well as internal financial reporting to the chief operating decision maker. The function of chief operating decision maker is exercised by the company's Management Board and the Management Board of IONOS Holding SE, which reviews the financial information presented on a consolidated basis for the purposes of allocating resources and assessing the financial performance of the company as a whole. Accordingly, we have a single operational management level.

The Group's relevant performance indicators are presented in accordance with the management approach, which requires the presentation of the relevant management level on the basis of the company's internal management reporting, which is regularly reviewed by the chief operating decision maker.

The control variables used to assess performance are presented below:

- Revenue from contracts with customers

- EBITDA and EBITDA margin
- Adjusted EBITDA and adjsuted EBITDA margin

IONOS' total sales revenues with third parties are distributed between Germany and abroad as follows:

€k	2023	2022
Domestic	723,454	621,243
Foreign	654,749	623,247
Total	**1,378,203**	**1,244,490**

In the 2023 fiscal year, revenue from contracts with customers is divided between product revenue from the Web Presence & Productivity business division totalling € 1,228,896k (previous year: € 1,112,676k) and from the Cloud Solutions business division totalling € 149,307k (previous year: € 131,814k).

The contract balances developed as shown below in the 2023 fiscal year:

€k	31.12.2023	31.12.2022	31.12.2021
Trade accounts receivable (Note 19)	73,512	66,628	49,526
Contract assets (Note 21)	8,244	8,129	7,896
Contract liabilities (Note 33)	86,574	75,474	72,190

In the 2023 fiscal year, € 74,375k (previous year: € 71,630k) was recognised as revenue, which was included in the contract liabilities at the beginning of the fiscal year.

The total amount of the transaction price of the performance obligations not fulfilled at the end of the reporting period was € 7,201k as at December 31, 2023 (previous year: € 5,404k). The following table shows the periods in which the transaction prices from unfulfilled or partially unfulfilled performance obligations as at the reporting date are expected to be realised:

Total as of Dec. 31, 2023	2024	2025	>2025
€k	€k	€k	€k
7,201	2,742	1,858	2,601

Total as of Dec. 31, 2022	2023	2024	>2024
€k	€k	€k	€k
5,404	3,200	1,728	476

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 revenue recognition over time and to contracts for which a one-off fee was invoiced and which is recognised as revenue over the expected term of the customer contract.

"EBITDA" is the consolidated earnings before interest, taxes, depreciation and amortisation. **"EBITDA margin"** is the ratio of EBITDA to total sales revenue.

The EBITDA margin is calculated as follows:

€k	2023	2022	2021
Total revenue	1,423,734	1,292,961	1,103,297
EBITDA (€k)	385,380	320,353	326,301
EBITDA margin (%)	27.1%	24.8%	29.7%
Adjusted EBITDA (€k)	390,296	345,646	355,176
Adjusted EBITDA margin (%)	27.4%	26.7%	32.3%

Adjusted EBITDA is calculated as follows:

€k	2023	2022	2021
Operating result	277,472	208,021	213,651
Depreciation and amortization of intangible assets and property, plant and equipment	107,908	112,332	112,650
EBITDA	385,380	320,353	326,301
Adjustment for LTIP (1)	5,879	4,208	12,788
Adjustment for stand-alone activities (2)	9,478	13,048	11,833
Adjustment for IPO costs (3)	-11,719	8,829	2,951
Adjustment for consulting fees incurred for one-off projects (4)	0	1,118	1,303
Adjustment for sale of shares (5)	0	-1,910	0
Adjustment for severance payments (6)	1,278	0	0
Total adjustments	4,916	25,293	28,875
EBITDA	390,296	345,646	355,176

(1) Includes costs for employee participation programmes.

(2) Includes costs in connection with the preparation of the separation from the United Internet Group and the establishment of IONOS Group as an independent group (mainly costs for the billing carve-out project (decoupling from the billing systems of 1&1 Telecommunication SE)).

(3) Includes external costs incurred in connection with the IPO. In the 2023 fiscal year, this includes income from the recharging of costs incurred in connection with the IPO to the shareholders United Internet and Warburg Pincus.

(4) Includes expenses for consulting costs incurred for one-off projects, e.g. for reorganisation measures.

(5) Includes capital gain from the sale of the 49% stake in Intellectual Property Management Company Inc., USA.

(6) Includes expenses in connection with reorganisation and restructuring measures, which primarily consist of severance payments and other personnel-related costs.

The following tables show the Group's revenue from contracts with customers and the non-current assets of IONOS, broken down by the company's country of origin and other countries. In the presentation of the information on a geographical basis, the revenue from contracts with customers and the assets are based on the geographical locations of the Group companies generating the revenue and the assets respectively.

Sales from contracts with customers based on the geographical locations of the Group companies generating the sales:

€k	2023	2022	2021
Germany	723,454	621,243	548,707
USA	286,762	284,879	190,133
UK	137,992	129,689	123,454
Spain	113,790	104,889	98,452
France	61,207	55,126	52,528
Poland	39,738	34,785	33,726
Austria	15,260	13,880	12,990
Total	**1,378,203**	**1,244,491**	**1,059,990**

There is no single customer with which more than 10% of external sales are generated.

Non-current assets based on the locations of the assets:

€k	2023	2022	2021
Germany	844,699	858,499	830,714
Poland	152,032	143,719	147,342
Spain	127,471	127,474	125,681
UK	99,633	97,551	94,889
Austria	72,102	73,079	74,721
USA	29,153	28,190	25,260
France	5,175	4,349	5,574
Romania	1,569	2,032	2,458
Philippines	1,038	1,239	1,395
Total	**1,332,872**	**1,336,132**	**1,308,034**

Non-current assets do not include any financial investments - with the exception of financial assets recognised using the equity method -, deferred tax assets or assets from employee benefits.

6. Revenue from contracts with related parties

Revenues with related parties, i.e. revenues with Group companies of the United Internet Group which are not part of the Group's scope of consolidation, totalled € 45,531k (previous year: € 48,471k) and largely result from internal cost allocation. The IONOS companies provide general services for Group companies outside the scope of consolidation in the areas of development, sales, computer centre, administration and product management.

The total revenues of IONOS with related parties are distributed between Germany and abroad as follows:

€k	2023	2022
Domestic	36,012	39,462
Foreign	9,519	9,009
Total	**45,531**	**48,471**

7. Cost of sales

€k	2023	2022
Cost of services	492,492	444,858
Personnel expenses	110,194	109,095
Depreciation and amortization	79,734	80,534
Costs for data center operation	52,660	59,963
Other	2,858	3,797
Total	**737,938**	**698,247**

8. Selling expenses

€k	2023	2022
Personnel expenses	131,505	112,293
Purchased marketing/advertising services	111,835	112,417
Depreciation and amortization	23,002	26,301
Commissions paid to third parties	24,039	19,293
Customer care	15,891	15,626
Product management	3,399	2,171
Other selling expenses	8,976	8,067
Total	**318,647**	**296,168**

9. General and administrative expenses

€k	2023	2022
Personnel expenses	32,473	26,028
Services provided by third parties	19,105	17,899
Payment transaction costs	11,051	10,287
Legal and consulting fees	7,241	11,422
Depreciation and amortization	5,172	5,497
Insurance premiums	5,019	1,719
Financial statement costs	2,539	2,884
Lease expenses	1,638	2,558
Accounts receivable management	1,448	1,233
Other	11,458	8,089
Total	**97,144**	**87,616**

Legal and consultancy costs include consultancy costs of € 3,229k and insurance premiums of € 2,413k in connection with the IPO are included in insurance premiums.

10. Impairment losses on receivables and contract assets

Impairment losses relate to losses on trade receivables including income from the reversal of impairment losses as well as the impairment of contract assets and expenses from derecognition.

Impairment losses on receivables and contract assets break down as follows:

€k	2023	2022
Trade accounts receivable	14,143	8,606
Contract assets	2	-3
Total	**14,145**	**8,603**

The increase in impairment losses on trade receivables from € 8,606k in the previous year to € 14,143k in the 2023 fiscal year is mainly due to the weakening overall economic environment.

11. Other operating expenses / income

Other operating expenses

€k	2023	2022
Expenses from foreign currency translation	10,062	13,862
Other taxes	2,328	1,553
Expenses relating to other periods	1,012	1,102
Losses drom the disposal of property, plant and equipment and intangible assets	155	450
Other	1,242	1,262
Total	**14,799**	**18,229**

Expenses from foreign currency translation mainly include losses from exchange rate changes between the date of origin and the date of payment of foreign currency receivables and liabilities as well as exchange rate losses from measurement at the closing rate. Exchange rate gains from these items are recognised under other operating income. A netted analysis leads to a net loss of € -692k (previous year: € -579k). Expenses relating to other periods in the previous year include expenses for sales corrections due to the non-recognition of special conditions in the previous year's invoicing totalling € 433k.

Other operating income

€k	2023	2022
Income relating to other periods	14,033	1,217
Income from foreign currency translation	9,370	13,283
Income from dunning/return debit charges	2,387	2,247
Project grants	2,802	1,616
Income from allocations to affiliated companies	6,553	484
Income from the disposal of property, plant and equipment and intangible assets	305	432
Gain on the sale of entities accounted for using the equity method	0	1,910
Income from the reversal of a provision	0	1,878
Other	961	856
Total	**36,411**	**23,923**

The recharging of IPO costs to the shareholders United Internet and Warburg Pincus is included in prior-year prior-period income in the amount of € 11,719k and in income from recharges to affiliated companies in the amount of € 6,002k for the 2023 fiscal year.

Income from foreign currency translation mainly includes gains from exchange rate changes between the date of origin and the date of payment of foreign currency receivables and liabilities as well as exchange rate gains from measurement at the closing rate. Exchange rate losses from these items are recognised under other operating expenses.

Income from reminder fees and returned direct debits arises due to necessary debtor management for defaulting customers.

12. Depreciation and amortization

The development of intangible assets and property, plant and equipment is presented as an appendix to the notes to the consolidated financial statements. Amortisation of intangible assets and depreciation of property, plant and equipment are allocated to the functional areas as follows:

€k	2023	2022
Cost of sales	79,734	80,534
Selling expenses	23,002	26,301
General and administrative expenses	5,172	5,497
Total	**107,908**	**112,332**

Depreciation and amortisation also includes depreciation and amortisation on assets capitalised as part of company acquisitions. These are allocated to the capitalised assets as follows:

€k	2023	2022
Intangible assets		
Customer base	18,163	20,777
Software	2,265	4,157
Trademark	0	274
Total	**20,428**	**25,208**

The scheduled amortisation of assets capitalised as part of business combinations is distributed across the business combinations as follows:

€k	2023	2022
STRATO	13,298	13,680
home.pl	2,862	2,801
World4You	1,847	1,880
we22	2,409	2,409
ASCI	12	12
Arsys	0	2,732
IONOS SE	0	1,694
Total	**20,428**	**25,208**

Depreciation and amortisation of assets capitalised in the context of company acquisitions is distributed across the individual functional areas as follows:

€k	2023	2022
Selling expenses	18,163	20,777
Cost of sales	2,265	4,157
General and administrative expenses	0	274
Total	**20,428**	**25,208**

13. Personnel expenses

Personnel expenses for the 2023 fiscal year amount to € 274,173k (previous year: € 247,416k) and are distributed across the functional areas as follows:

€k	2023	2022
Selling expenses	131,505	112,293
Cost of sales	110,194	109,095
General and administrative expenses	32,473	26,028
Total	**274,173**	**247,416**

Personnel expenses include expenses for wages and salaries totalling € 233,722k (previous year: € 211,215k), social security costs of € 39,385k (previous year: € 35,268k) and pension costs of € 1,066k previous year: € 933k). The increase in personnel expenses compared to the previous year is due to a moderate increase in the number of employees and inflation-related adjustments to average salaries in the 2023 fiscal year.

The number of employees rose by 2.8% year-on-year from 4,247 to 4,364 at the end of the 2023 fiscal year:

	2023	2022
Domestic	2,386	2,326
Foreign	1,978	1,921
thereof 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	69	64
thereof France	8	7
Total	**4,364**	**4,247**

The average number of employees by headcount in the fiscal year was 4,298 (previous year: 4,177), of which 2,339 were in Germany (previous year: 2,295) and 1,959 abroad (previous year: 1,882).

The Group has defined contribution plans for the company pension scheme. In the case of defined contribution plans, the company pays contributions to state pension insurance providers on the basis of statutory provisions. Once the amounts have been paid, the company has no further benefit obligations. The current contribution payments are recognised as an expense for the respective year. They totalled € 12,414k in the 2023 reporting period (previous year: € 11,532k).

14. Finance costs

€k	2023	2022
Intercompany interest and similar expenses	80,112	90,702
Subsequent measurement of a purchase price liability	7,814	10,908
Finance costs from leases	4,280	3,575
Loans and current account	1,253	81
Interest expense from the tax audit	261	95
Subsequent measurement of the put option liabilities	0	98
Other	64	509
Total	**93,784**	**105,968**

Interest and similar expenses in the network segment mainly relate to interest in connection with the vendor loan granted by United Internet AG and from profit and loss transfer agreements and cash pool transactions with companies of United Internet AG and Group companies not included in the Group's scope of consolidation. For further explanations, please refer to Note 42.

The expenses from the subsequent measurement of a purchase price liability in the amount of € 7,815k (previous year: € 10,908k) result from the subsequent measurement of the purchase price liability in connection with the acquisition of STRATO AG. For further explanations, please refer to our comments under Note 36.

15. Finance income

€k	2023	2022
Subsequent measurement of a purchase price liability	30,695	8,786
Interest income from the tax audit	17	627
Interest and similar income from related parties	890	70
Income from equity investments	0	9
Other finance income	273	351
Total	**31,875**	**9,843**

The income from the subsequent measurement of a purchase price liability in the amount of € 30,695k (previous year: € 8,786k) results from the subsequent measurement of the purchase price liability in connection with the acquisition of STRATO AG. For further explanations, please refer to our comments under Note 36.

Interest and similar income from related parties relates to interest in connection with cash pool transactions with companies of United Internet AG or with Group companies which are not part of the Group's scope of consolidation. For further explanations, please refer to Note 42.

16. Income taxes

The Group's tax expenses totalling € 41,066k (previous year: € 37,636k) are made up as follows:

€k	2023	2022
Germany	-52,253	-42,122
Outside Germany	-16,697	-13,587
Total current taxes	**-68,950**	**-55,709**

€k	2023	2022
Due to tax interest carryforwards	30,697	16,150
Due to tax loss carryforwards	465	0
Tax effect on temporary differences	-3,305	3,183
Due to tax rate changes	27	-1,260
Total deferred taxes	**27,884**	**18,073**
Total tax expense	**-41,066**	**-37,636**

Under German tax law, income taxes are made up of corporation tax, trade tax and the solidarity surcharge.

Trade tax in Germany is levied on the taxable income of the company, adjusted by deducting certain income that is not subject to trade tax and by adding certain expenses that are not deductible for trade tax purposes.

The effective trade tax rate depends on the municipality in which the company operates. The average trade tax rate in the 2022 fiscal year for the tax group of IONOS Holding SE is approx. 14.95% (previous year: 14.93%).

Irrespective of whether the profit is retained or distributed, the corporation tax rate in Germany remained unchanged at 15%. In addition, a solidarity surcharge of 5.5% is levied on the corporation tax assessed.

In addition to taxes on current earnings, current income taxes include tax expenses relating to other periods totalling € 276k (previous year: € 2,915k).

Deferred tax assets on tax loss carryforwards, tax interest carryforwards and temporary differences are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. In the 2023 fiscal year, as in the previous year, no deferred tax expenses arose from the utilisation of deferred tax assets on tax loss carryforwards.

The loss carryforwards in Germany for which no deferred taxes were recognised relate to IONOS Group SE and amount to € 18,429k for corporation tax and € 17,743k for trade tax. There are no foreign tax loss carryforwards.

The interest barrier enshrined in German tax law limits the deductibility of interest expenses for the calculation of corporate income taxes. Interest expenses that cannot be deducted are carried forward indefinitely to subsequent fiscal years (interest carryforward).

The Group's interest carried forward, for which no deferred taxes were recognised, amounts to € 0k (previous year: € 89,847k).

Additional deferred tax assets on interest carryforwards were recognised in the fiscal year due to the positive planning of tax results. The resulting tax relief totalled € 30,697k in the fiscal year (previous year: € 16,150k). Of this amount, deferred tax assets totalling € 24,320k are attributable to interest carried forward from previous years.

In accordance with the amendment to IAS 12 International Tax Reform - Pillar Two Model Rules, the IONOS Group applies the temporary, mandatory exemption from recognising deferred taxes resulting from the introduction of global minimum taxation.

Of the jurisdictions to be included for Pillar Two purposes, the following have already published draft legislation for corresponding implementation: 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 for 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 once the legislation comes into force. This could result in an annual additional tax burden in the lower five-digit euro range from the 2024 fiscal year. In this respect, equalisation obligations could potentially be asserted against IONOS in accordance with Section 3 (6) MinStG. The regulations on global minimum taxation (Pillar Two) have applied to the United Internet Group, in whose consolidated financial statements the IONOS Group is included, since January 1, 2024.

Deferred taxes are derived from the following items:

€k	Dec. 31, 2023 Deferred tax assets	Dec. 31, 2023 Deferred tax liabilities	Dec. 31, 2022 Deferred tax assets	Dec. 31, 2022 Deferred tax liabiities
Trade accounts receivable	1,305	237	1,011	316
Inventories	88	5	88	5
Contract assets	0	2,176	0	2,228
Other financial assets - current	506	0	748	0
Other financial assets - non-current	29	520	27	539
Other assets	0	800	0	0
Prepaid expenses	16,054	6,301	15,328	4,244
Property, plant and equipment	1,250	8,404	1,492	6,805
Right-of-use assets from leases	78	34,672	131	36,656
Intangible assets	2,893	58,771	3,133	62,110
Other provisions	15,017	361	29,378	14
Contract liabilities	18,334	42,033	15,433	38,623
Lease liabilities	36,885	40	38,371	12
Other liabilities	946	2,102	71	89
Gross value	**93,385**	**156,422**	**105,211**	**151,641**
Tax interest carryforwards	66,766	0	36,069	0
Tax loss carryforwards	465	0	0	0
Offsetting	-122,770	-122,770	-113,171	-113,171
Consolidated statement of financial position	**37,846**	**33,652**	**28,109**	**38,470**

Following a deferred tax liability surplus of € 10,361k in the previous year, there was a deferred tax asset surplus of € 4,194k in the 2023 fiscal year. The total amount of the change in the balance of deferred taxes therefore totalled € 14,555k (previous year: € 14,746k). is change is mainly due to the following factors:

- Increase in deferred tax assets on interest carryforwards by € 30,697k.
- Decrease of tax assets and increase in deferred tax liabilities on deviating valuations of various property, plant and equipment and intangible assets in the tax balance sheet in the amount of € 3,471k.
- Decrease in deferred tax liabilities from amortisation of intangible assets in connection with company acquisitions by € 5,847k.
- Decrease in deferred tax assets from provisions for LTIP by € 15,821k.

Deferred tax liabilities on intangible assets of € 58,771k (previous year: € 62,110k) mainly result from the different treatment of intangible assets capitalised as part of company acquisitions in the consolidated financial statements and the tax accounts.

The change in the balance of deferred taxes compared to the previous year can be reconciled as follows:

€k	2023	2022
Deferred tax income	27,884	18,073
Deferred tax effects recognized in equity	-13,329	-3,327
Change in the net balance of deferred taxes	**14,555**	**14,746**

The deferred taxes recognised directly in equity result mainly from the employee share ownership programmes.

The reconciliation from the overall tax rate to the effective tax rate for continuing operations is as follows:

	2023 %	2022 %
Anticipated tax rate	**31.1**	**30.9**
Current and deferred taxes for prior years	1.5	2.5
Effect from tax rate changes	0.0	1.1
Tax effects in connection with group-internal dividends and disposals	0.5	0.7
Write-downs on intangible assets deductible for tax purposes only	0.6	1.8
Effect from tax rate differences	-2.9	-3.9
Employee stock ownership program	-0.1	0.0
Non-deductible write-downs on financial assets	-3.3	0.6
First-time capitalization of interest carryforwards that can be used in the future	-10.9	-4.4
Tax losses and non-deductible interest of the fiscal year for which no defered taxes were recognized	2.8	0.3
Recognition/impairment of deferred tax assets	-0.2	0.0
Trade tax add-back	1.4	2.1
Balance of other tax-free income and non-deductible expenses	-1.4	1.9
Effective tax rate	**19.1**	**33.6**

The balance of other tax-free income and non-deductible expenses relates in particular to intragroup dividends.

The expected tax rate corresponds to the tax rate of the parent company IONOS Group SE.

The reconciliation figure from tax rate differences results from tax rate differences between domestic and foreign Group entities compared to the tax rate expected for IONOS Group SE. The reconciliation figure from tax losses and non-deductible interest for the fiscal year, for which no deferred taxes were recognised, results from the non-recognition of deferred tax assets on the portion of the interest carryforward for which there is no probable use from earnings planning at the time the balance sheet is prepared.

17. Earnings per share

The share capital consists of 140,000,000 registered shares with a notional value of € 1.00 each (previous year: 360,001 shares including one preference share). The company's capital was increased by € 139,640k from € 360k to € 140,000k from company funds (other reserves) upon registration on February 1, 2023. In addition, the preference share of IONOS Group SE was converted into an ordinary share. In accordance with IAS 33.64, earnings per share in the 2023 fiscal year and also in the 2022 fiscal year must be disclosed retrospectively for all periods presented based on the number of shares of 140,000,000, as the capital increase occurred after the reporting date but before the financial statements as at December 31, 2022 were approved for publication. This changes the earnings per share for the 2022 fiscal year from € 204.92 to € 0.53.

As part of the IPO rollover agreement, the number of subscription rights was fixed, resulting in a dilutive effect on the weighted average number of shares in circulation of 1,473,487 as at December 31, 2023. As at December 31, 2022, there was no dilutive effect from the employee share ownership programmes of the subsidiaries, as the exercise conditions were not met as at the reporting date. Please refer to Note 37 with regard to the IPO reconciliation agreement.

€k	2023	2022
Earnings attributable to the shareholders of IONOS Group SE	**174,231**	**73,772**
Earnings per share of shareholders of IONOS Group SE (in €) *		
basic	1.24	0.53
diluted	1.23	0.53
Weighted average number of shares outstanding (in thousands) *		
basic	140,000	140,000
diluted	141,473	140,000

*: Previous year adjusted

NOTES TO THE STATEMENT OF FINANCIAL POSITION

18. Cash and cash equivalents

Cash and cash equivalents consist of bank balances, short-term investments, cheques and cash in hand. Bank balances bear interest at variable rates for assets that can be cancelled daily.

Short-term deposits are made for different periods of between one day and three months, depending on the Group's respective cash requirements.

The development of cash and cash equivalents can be seen in the consolidated cash flow statement.

19. Trade accounts receivable

Trade receivables as at the respective balance sheet date break down as follows:

€k	Dec. 31, 2023	Dec. 31, 2022
Trade accounts receivable	87,584	76,434
Less bad debt allowances	-14,072	-9,806
Trade accounts receivable, net	**73,512**	**66,628**

The development of the allowance account is as follows:

€k	2023	2022
As of January 1	9,806	9,004
Utilization	-5,098	-4,295
Additions charged to profit or loss	10,071	5,972
Reversals	-760	-929
Exchange rate differences	53	54
As of December 31	**14,072**	**9,806**

The additions recognised as an expense in the fiscal year do not include receivables that were established during the year and derecognised before the balance sheet date. The disproportionate increase in value adjustments is due to the weakening overall economic environment.

The maximum default risk as at the balance sheet date corresponds to the net carrying amount of the above trade receivables.

Overdue receivables are tested for impairment. Individual value adjustments are essentially determined depending on the age structure of the receivables. Please refer to note 43. All overdue receivables that have not been individually impaired are subject to a generalised specific valuation allowance.

As at December 31, 2023, the age structure of trade receivables after taking into account the aforementioned valuation allowances is as follows:

€k	2023	2022
0 - 5 days	63,503	57,168
6 - 15 days	3,164	2,770
16 - 30 days	2,206	2,351
31 - 180 days	3,237	2,425
181 - 365 days	948	1,313
> 365 days	454	601
Total	**73,512**	**66,628**

20. Receivables from related parties

Receivables from related parties totalled € 63,094k as of the balance sheet date (previous year: € 27,964k) and relate to Group companies of the United Internet Group that are not included in the Group's scope of consolidation.

Please refer to Note 42 for information on transactions with related parties.

21. Contract assets

€k	2023	2022
Contract assets	8,254	8,137
less bad debt allowances	-10	-8
Contract assets, net	**8,244**	**8,129**
thereof contract assets - current	8,235	8,128
thereof contract assets - non-current	9	1

22. Prepaid expenses

Current deferred expenses of € 25,530k (previous year: € 23,779k) mainly include contract initiation costs of € 11,858k (previous year: € 9,279k) and advance payments for advance service fees, which are deferred on the basis of the underlying contract period and recognised as expenses in the period in which they are incurred.

Non-current deferred expenses totalling € 13,628k (previous year: € 8,573k) mainly include non-current deferred contract initiation costs of € 12,016k (previous year: € 6,874k).

Amortisation of capitalised contract initiation costs amounted to € 14,962k in the 2023 fiscal year (previous year: € 11,343k).

23. Other current assets

Other current financial assets

Other current financial assets amount to € 28,313k (previous year: € 12,377k) as at December 31, 2023 and are made up as follows:

€k	Dec. 31, 2023	Dec. 31, 2022
Receivables project grants	8,410	0
Payments on account	8,040	5,723
Creditors with debit balances	3,257	1,252
Denic reimbursement	1,652	1,702
Security deposits	923	950
Additional payment obligation II deposited in notary escrow accounts	0	2,076
Miscellaneous	6,031	674
Other financial assets, net	**28,313**	**12,377**

The project grant receivable relates to approved grants for projects that were awarded as part of a European Union funding programme. According to the funding decision, the grants will be paid in three instalments in the first half of 2024. The first instalment of € 5,118k will be paid without guarantees, while the payment of the second and third instalments of € 1,646k each is linked to the provision of guarantees and the achievement of certain milestones in the progress of the project. The implementation period for the projects ends on June 30, 2026 and the grants must be repaid if the funded project generates positive surpluses.

The advance payments made under other current assets mainly relate to advance payments made for domains.

Other current non-financial assets

The other current non-financial assets totalling € 658k (previous year: € 966k) primarily relate to receivables from value added tax and other current assets.

24. Income tax claims

Income tax receivables totalling € 2,722k (previous year: € 9,918k) mainly relate to IONOS Cloud Ltd. with € 1,726k and various other subsidiaries (previous year: mainly IONOS Holding SE with € 7,660k and IONOS Cloud Ltd. with € 1,127k).

25. Investments in associated companies

Shares in associated companies totalled € 4,279k (previous year: € 2,423k) and developed as follows as at the balance sheet date:

€k	2023	2022
As of January 1	2,423	3,589
Addition due to acquisition/capital increase	2,263	62
Disposal due to sale	0	–1,134
Distributions	–156	–206
Earnings contributions	–251	112
As of December 31	**4,279**	**2,423**

The shares in associated companies are made up as follows as at the balance sheet date:

€k	Dec. 31, 2023	Dec. 31, 2022
DomainsBot S.r.l.	1,284	1,310
Stackable GmbH	1,467	1,113
Street Media GmbH	1528	0
Investments in associated companies	**4,279**	**2,423**

The following table contains summarised financial information on the associated companies held as at the balance sheet date on the basis of a 100% shareholding:

€k	Dec. 31, 2023	Dec. 31, 2022
Current assets	2,494	2,835
Non-current assets	145	135
Current liabilities	502	594
Non-current liabilites	0	0
Equity	**2,296**	**2,377**
Revenue	1,996	1,972
Net loss	-1,223	-668

On May 4, 2023, the stake in the company was increased by € 696k as part of a capital increase at Stackable GmbH, Wedel. As a result, the shareholding rose from 25.1% to 27.5%.

On September 5, 2023, 28.7% of the company Street Media GmbH, Berlin, was acquired and an additional payment of € 1,490k was made to the company's equity on October 2, 2023, without changing the equity interest. The acquisition costs totalled € 1,567k. Street Media GmbH develops and operates digital media projects.

26. Other non-current financial assets

The development of other non-current financial assets for the reporting years 2023 and 2022 is shown in the following overviews:

€k	Jan. 1, 2023	Additons	Currency effects	Change in fair value	Disposal	Dec. 31, 2023
Other non-current assets	903	0	10	0	-153	761
	903	**0**	**10**	**0**	**-153**	**761**

€k	Jan. 1, 2022	Additons	Currency effects	Change in fair value	Disposal	Dec. 31, 2022
Other non-current assets	1,946	11	-2	0	-1,052	903
	1,946	**11**	**-2**	**0**	**-1,052**	**903**

In the 2022 fiscal year, the loan to the minority shareholders in the amount of € 999k was settled in full with the acquisition of the minority shares in InterNetX Holding GmbH.

27. Property, plant and equipment

Property, plant and equipment totalled € 321,661k as at the balance sheet date (previous year: € 322,286k) and is broken down as follows:

€k	Dec. 31, 2023	Dec. 31, 2022
Cost before depreciation		
Land and buildings	25,595	25,028
Operating and office equipment	507,377	532,830
Payments on account	5,212	3,024
Right-of-use assets from leases (IFRS 16)	174,141	165,335
	712,325	**726,217**
Less		
Accumulated depreciation	-390,664	-403,931
Property, plant and equipment, net	**321,661**	**322,286**

Right-of-use assets include land and buildings with acquisition costs of € 164,070k (previous year: € 155,976k) and a net carrying amount as at 31 December 2023 of € 112,404k (previous year: € 117,348k) as well as operating and office equipment with acquisition costs of € 10,071k (previous year: € 9,359k) and a carrying amount as at December 31, 2023 of € 1,796k (previous year: € 2,186k).

An alternative presentation of the development of property, plant and equipment in the 2023 fiscal year is shown in the appendix to the notes to the consolidated financial statements (development of intangible assets and property, plant and equipment).

28. Intangible assets (without goodwill)

Intangible assets excluding goodwill amount to € 164,174k (previous year: € 178,826k) as at December 31, 2023 and are made up as follows:

€k	Dec. 31, 2023	Dec. 31, 2022
Cost before amortization		
Software/licenses	81,235	94,557
Trademarks	53,368	52,474
Customer base	304,639	302,158
Internally generated intangible assets	7,038	4,901
Other intangible assets	5,111	3,224
Payments on account	4,125	2,720
	455,516	**460,034**
Less		
Accumulated amortization	-291,342	-281,208
Intangible assets, net	**164,174**	**178,826**

An alternative presentation of the development of intangible assets in the 2023 fiscal year is shown in the appendix to the notes to the consolidated financial statements (development of intangible assets and property, plant and equipment). The carrying amounts of intangible assets with indefinite useful lives (trademark rights and domain licences) amount to € 54,018k (previous year: € 51,164k). Intangible assets with an indefinite useful life were tested for impairment at the level of the cash-generating units as at the balance sheet date.

The carrying amount of the customer base results from the following company acquisitions:

€k	Dec. 31, 2023	Dec. 31, 2022
STRATO	67,673	80,970
World4You	14,105	15,937
home.pl	5,991	8,318
we22	1,459	1,604
Other	14	25
Customer base	**89,242**	**106,854**

The remaining amortization period for the customer base from the acquisition of STRATO AG is 1 to 7 years (previous year: 1 to 8 years), depending on the product groups, with the main portion being 5 years (previous year: 6 years). The remaining amortization period for the customer base from the home.pl transaction is 2 years (previous year: 3 years), for World4You 8 years (previous year: 9 years) and for we22 10 years (previous year: 11 years)).

The following table provides an overview of the carrying amounts of trademark rights by cash-generating unit as at the balance sheet date:

€k	Dec. 31, 2023	Dec. 31, 2022
STRATO	20,071	20,071
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	462	462
Trademarks	**50,630**	**49,732**

The useful life of the trademark rights is classified as indefinite, as there are no indications that the inflow of benefits will end in the future.

29. Goodwill and impairment of goodwill and intangible assets with indefinite useful lives

The existing goodwill and intangible assets with indefinite useful lives are subjected to an impairment test at least once a year. In line with the company's internal budgeting process, the company has defined the last quarter of its fiscal year for carrying out the required annual impairment test.

Goodwill acquired as part of business combinations was allocated to cash-generating units for the purposes of impairment testing.

Impairment losses are always reported separately in the statement of comprehensive income and in the consolidated statement of changes in non-current assets.

Goodwill as at December 31, 2023 is broken down by cash-generating unit as follows:

€k	Dec. 31, 2023	Dec. 31, 2022
STRATO	401,823	401,823
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	43,138	43,138
InterNetX	5,237	5,237
Sedo (Domain-Marketing)	5,097	5,097
Goodwill	**826,271**	**820,844**

The changes in the value of some goodwill compared to the previous year are exclusively due to currency translation effects.

Scheduled impairment test as of December 31, 2023

The recoverable amounts of the cash-generating units are determined on the basis of the calculation of fair value less costs of disposal using cash flow forecasts. The hierarchy of fair value less costs of disposal or value in use within the meaning of IFRS 13 is classified as level 3 for all impairment tests.

The cash flow forecasts are based on the company's budgets for the 2024 fiscal year. These budgets were extrapolated by management on the basis of external market studies and internal assumptions for the respective cash-generating units for a period of up to 10 years (previous year: up to 10 years). After this period, the management assumes an annual increase in sales and EBITDA of between 1.0% and 2.2% (previous year: 1.0% to 2.4%), which corresponds to the long-term average growth rate of the sector in which the respective cash-generating unit operates.

The discount rates after taxes used for the cash flow forecast in the fiscal year range between 7.5% and 9.7% (previous year: 6.9% to 9.5%).

The following table shows the basic assumptions used in the impairment test of the individual cash-generating units to which goodwill has been allocated and which were used to determine the fair value less costs of disposal.

	Reporting year	Total proportion of goodwill	Long-term growth rate	Discount rate after taxes
STRATO	2023	48.6%	1.0%	7.6%
	2022	48.6%	1.0%	7.0%
home.pl	2023	14.6%	1.6%	8.8%
	2022	14.6%	1.7%	8.4%
Arsys	2023	12.2%	2.2%	9.7%
	2022	12.2%	2.4%	9.5%
Fasthosts	2023	7.6%	1.4%	8.4%
	2022	7.6%	1.5%	8.0%
World4You	2023	6.2%	1.3%	8.2%
	2022	6.2%	1.3%	7.6%
united-domains	2023	4.3%	1.0%	7.6%
	2022	4.3%	1.0%	7.0%
IONOS	2023	5.2%	1.2%	8.0%
	2022	5.2%	1.2%	7.4%
InterNetX	2023	0.6%	1.0%	7.5%
	2022	0.6%	1.0%	6.9%
Sedo (Domain-Marketing)	2023	0.6%	1.0%	7.5%
	2022	0.6%	1.0%	6.9%

The cash flow forecasts are largely dependent on the estimate of future sales revenue. The management of the respective cash-generating unit expects sales revenue to develop differently over the planning horizon. The sales revenue figures in the detailed planning period of the cash-generating units are based on average annual sales revenue growth rates of between 4.5% and 9.9% (previous year: 4.4% to 8.0%).

The fair value less costs of disposal 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. To determine the fair value less costs of disposal, disposal cost rates of 0.4% to 3.0% were assumed (previous year: 0.5% to 3.0%).

Trademark rights amounting to € 50,630k (previous year: € 49,732k) are recognized in the Group. The trademark rights were measured at fair value as part of the business combinations using appropriate valuation methods (generally the relief-from-royalty method) and tested for impairment at the level of the cash-generating units as at the balance sheet date.

Sensitivity of assumptions

The sensitivity of the assumptions made with regard to an impairment of goodwill or brand rights depends on the respective cash-generating units.

As part of sensitivity analyses for the World4You cash-generating unit, an increase in the discount rate (after taxes) of 1.3 percentage points and a simultaneous decrease in the EBITDA margin of 4.8 percentage points were assumed. Based on these assumptions, this would result in an impairment loss of € 2.2m. Based on current knowledge, the company management does not expect any significant deviations in the EBITDA margin. The assumptions regarding the possible development of.

As part of the sensitivity analyses for the other cash-generating units, the discount rates (after taxes) were also increased by the change compared to the previous year and at the same time a CGU-specific appropriate decline in the long-term growth rate in the perpetual annuity and alternatively a decline in the

EBITDA margin of the perpetual annuity were assumed. These assumptions would not result in any changes to the impairment tests for these cash-generating units.

Furthermore, as in the previous year, the company management is of the opinion that no reasonably possible change in one of the basic assumptions made to determine the fair value less costs of disposal of a cash-generating unit could lead to the carrying amount significantly exceeding the recoverable amount.

30. Trade accounts payable

Trade payables amounted to € 89,227k as at the balance sheet date (previous year: € 80,324k). Trade payables include all supplier liabilities from the delivery of goods and the provision of services by third parties and, as in the previous year, have a remaining term of up to one year in full.

31. Liabilities due to banks

As part of the partial refinancing of the existing loans to United Internet AG, IONOS Holding SE agreed a new loan of € 800,000k with a bank consortium as of December 15, 2023.

The new loan has a term of three years until December 15, 2026, is due at maturity and is therefore reported under non-current liabilities to banks. The interest rate is made up of the 3-year mid-swap rate at the time the loan was granted plus a margin of 2.0% and amounts to 4.67% p.a. Interest is paid semi-annually.

At the time the new loan was granted, the amount of the long-term loan to United Internet AG totaled € 1,150,000k. The new loan of € 800,000k was used in full for the partial repayment of the long-term loan to United Internet AG.

The pro rata interest expenses for the 2023 fiscal year are reported under current liabilities to banks.

32. Liabilities to related parties

Current and non-current liabilities to related parties amounted to € 356,292k as of the balance sheet date (prior year: € 1,251,570k) and relate to group companies of the United Internet Group which are not included in the consolidation of IONOS. They include a long-term loan from United Internet AG in the amount of € 350,000k (previous year: € 1,245,000k). In the previous year, the non-current loans from United Internet AG comprised a vendor loan of € 819,000k for the acquisition of shares in IONOS SE and a loan of € 350,000k for the acquisition of shares in STRATO AG, each of which bore interest at 6.75% p.a. and had a term until December 31, 2026, as well as a loan liability of € 76,000k for the acquisition of shares in World4You Internet Service GmbH , which bore interest at 5.0% p.a. On January 27, 2023, these three loans were combined into one loan in the total amount of € 1,245,000k, which bears interest at 6.75% p.a. and has a term until December 15, 2026. The bank loan of € 800,000k concluded on December 15, 2023 was used in full for the partial repayment of the long-term loan from United Internet AG.

Please refer to note 42 for information on transactions with related parties.

33. Income tax liabilities

Income tax liabilities amounted to € 21,982k as at the balance sheet date (previous year: € 19,471k) and break down as follows:

€k	Dec. 31, 2023	Dec. 31, 2022
Trade tax		
Germany	11,249	10,519
	11,249	**10,519**
Corporate income tax		
Germany	9,384	6,984
UK	738	402
Austria	176	0
Spain	67	517
France	65	80
Philippines	30	13
USA	0	490
Poland	0	466
	10,460	**8,952**
Other income taxes		
Germany	107	0
France	166	0
Income tax liabilities	**21,982**	**19,471**

34. Contract liabilities

€k	Dec. 31, 2023	Dec. 31, 2022
Contract liabilities	**86,574**	**75,474**
thereof current	84,645	74,375
thereof non-current	1,929	1,099

35. Other provisions

Provisions amounted to € 4,150k (previous year: € 4,797k) as at December 31, 2023 and developed as follows in the fiscal year:

€k	Special remuneration	Litigation risks	Dismantling obligation	Onerous contracts	Warranties	Total
As of January 1	**1,189**	**397**	**2,943**	**268**	**0**	**4,797**
Utilization	0	97	0	77	0	174
Reversals	1,078	91	0	0	0	1,168
Interest effects	0	0	10	0	0	10
Addition	0	285	201	116	100	701
Reclassification	0	4		0	0	4
Currency effects	0	4	-26	1	0	-21
As of December 31	**111**	**502**	**3,128**	**308**	**100**	**4,150**

Please refer to Note 37 for information on provisions for special remuneration.

The provisions for restoration obligations amounting to € 3,128k (previous year: € 2,943k) are non-current provisions with a term of more than five years (previous year: more than five years).

The litigation risks consist of various legal disputes at different IONOS companies; as in the previous year, all provisions for litigation risks are classified as current as at December 31, 2023.

The provisions for impending losses amounting to € 28k (previous year: € 75k) are non-current provisions.

36. Other liabilities

Other current financial liabilities

Other current financial liabilities break down as follows:

€k	Dec. 31, 2023	Dec. 31, 2022
Personnel-related liabilities	19,761	16,836
Lease liabilities	14,387	13,787
Contingent purchase price liabilities	10,922	38,219
Marketing and selling expenses/commissions	7,841	16,897
Debtors with credit balances	4,660	3,906
Legal and consultiing fees, financial statement costs	3,640	5,107
Obligation from project grants	3,364	0
Other	3,372	2,905
Other current financial liabilities	**67,947**	**97,657**

The contingent purchase price liability relates to a variable purchase price component from the acquisition of STRATO AG in the amount of € 10,922k (previous year: € 33,803k) and is reported as current due to the end of its term within the next 12 months. The amount of the purchase price essentially depends on the enterprise value of the company. The exercise date depends on future events, which must be estimated. The estimate was adjusted in the course of the fiscal year. In the previous year, there was also a contingent purchase price liability from the acquisition of IONOS Cloud GmbH in the amount of € 4,416k, which was settled in this amount in the reporting year.

Please refer to note 45 for information on current lease liabilities.

Other current non-financial liabilities

Other current non-financial liabilities amounting to € 26,009k (previous year: € 20,267k) mainly relate to liabilities to tax authorities in connection with value added tax and sales tax of € 20,141k (previous year: € 16,042k) and wage and church tax of € 3,549k (previous year: € 3,537k).

Other non-current financial liabilities

€k	Dec. 31, 2023	Dec. 31, 2022
Lease liabilities	110,223	115,281
Obligation from project grants	5,046	0
Other	357	374
Other non-current financial liabilities	**115,626**	**115,655**

The lease liabilities result from lease accounting in accordance with IFRS 16. For further explanations, please refer to our comments in Note 45.

37. Share-based payment – employee stock ownership programs

The Group has the following employee participation programs: a long-term incentive plan (LTIP Hosting), which was launched in the 2017 fiscal year, the Stock Appreciations Rights (SAR IONOS) program, which was introduced as part of the IPO of IONOS in the first quarter of 2023, an IPO rollover agreement and a long-term incentive plan of the we22 Group.

Long Term Incentive Plan (LTIP Hosting)

The objective of the Long Term Incentive Plan (LTIP) set up in the 2017 fiscal year is to align the interests of the members of the management (Management Board and executives) and other key employees of the IONOS Group with the interests of the company in the long term in order to increase the equity value of the company (IONOS Group SE) and other companies in the IONOS Group.

As part of the LTIP program, eligible employees were allocated Management Incentive Plan (MIP) units (stock appreciation rights). They vest on a straight-line basis over a period of four years (starting from the date of issue), provided that the employee in question has not resigned by the time an event defined in the LTIP agreement (trigger event) occurs. This relates to the complete sale of all shares in IONOS Group SE held by Warburg Pincus.

The partial sale of the shares in 2021 and also in 2023 by Warburg Pincus do not constitute such a trigger event.

In the event of a trigger event, the MIP units represent a value claim in the amount of the difference between the individually determined exercise price and the enterprise value of IONOS Group SE. The exercise price is increased or reduced by equity contributions or repayments.

The entitlements under the LTIP program can be settled in the form of shares or cash. In the case of settlement as a share settlement, the entitlements can be settled by the issue of shares or options to acquire shares. As there is no current obligation to settle in cash, the plan is accounted for as equity-settled.

As in the previous year, no new MIP units were issued from LTIP hosting in the 2023 fiscal year.

To determine the fair values, an option valuation is carried out using the Black-Scholes model on the basis of the individual exercise price, the enterprise value at the grant date and the remaining term until the trigger event, taking the other assumptions mentioned into account.

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 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 IONOS Group peer group.

The following effects resulted from the program as at the reporting date:

€k	2023	2022
Total expense from the program	37,674	37,709
Cumulative expense until December 31	37,656	36,501
Expense for future years	18	1,208
Personnel expense in the fiscal year	1,155	3,688
Fair value of the commitments granted in the fiscal year at the time of granting	0	0

The changes in the issued and outstanding MIP units are shown in the following table:

	MIP Units	Average strike price (€)
Outstanding as of Dec. 31, 2022	**460,071**	**173.36**
Additional grant a spart of the IPO	20,429	329.98
Change to the program "Rollover"	-389,625	168.58
Expired/forfeited	-625	358.80
Outstanding as of Dec. 31, 2023	**90,250**	**130.29**
Exercisable as of Dec. 31, 2023	0	n/a
Exercisable as of Dec. 31, 2022	0	n/a

The IPO did not involve a full exit by Warburg Pincus, but only a partial sale. The initial listing of IONOS Group SE on February 8, 2023 therefore did not constitute a triggering event within the meaning of the LTIP hosting agreement. Accordingly, the IPO did not result in the claims of the individual participants falling due. For 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 at the IPO on February 8, 2023.

Against this backdrop, all active employees of the LTIP Hosting program were offered an IPO rollover agreement (hereinafter referred to as "rollover"). As part of the rollover, active employees were able to convert their LTIP Hosting MIP units into subscription rights for shares in IONOS Group SE.

The determination of the IPO award (virtual share options as part of the rollover) followed a two-stage process based on the assumption of a complete divestment by Warburg Pincus. In the first step, the increase in value per participant was derived on the basis of the conditions of the LTIP hosting. An increase in value was determined for around 25% of the MIP units due to a share buyback in 2021 and an enterprise value of EUR 4.8 billion. For the remaining approx. 75% of the MIP units, the increase in value at the time of the IPO was considered relevant, whereby the IPO issue price of EUR 18.50 was used to determine the increase in value. The total increase in value per participant was determined from these calculations.

In the 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 increase in value by the IPO did not receive any virtual shares, but had the opportunity to remain in LTIP hosting. The determined number of 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 in order to meet the requirement that the number of options per participant and the number per tranche per participant had to be an integer. The tranches were allocated as follows:

- Tranche 1 on the day of the initial listing (February 8, 2023)
- Tranche 2 18 months later (August 2024) and
- Tranche 3 24 months after the initial listing (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 amount of a cash payment depends on the performance of the IONOS share price. The cash payment for Tranche 1 is to be classified as an exception due to the lock-up period for the sale of shares in connection with the IPO, so that an equity-settled commitment continues to be recognized in accordance with the provisions of IFRS 2.

A different arrangement was made for certain participants as their service contracts ended prematurely. A total of 2,210,243 virtual share options were determined as at February 8, 2023.

The changes in the outstanding virtual share options determined from the conversion of the MIP units are shown in the following table:

	Virtual stock options	Average strike price (€)
Outstanding as of Dec. 31, 2022	**0**	
Issue IPO	2,210,243	n/a
Payout IPO	-736,756	n/a
Expired/forfeited	-13,743	n/a
Outstanding as of Dec. 31, 2023	**1,459,744**	**n/a**

In the course of fulfilling tranche 1, € 13,630k was paid out to the beneficiaries in the 2023 fiscal year.

Long Term Incentive Plan we22

In the 2021 fiscal year, a further employee participation program (Long Term Incentive Plan, LTIP) was introduced for selected members of the Executive Board and management of the we22 Group (we22 GmbH including subsidiaries and affiliated companies). The objective of the LTIP program is to align the interests of the employees of the we22 Group with the interests of the company in the long term in order to increase the equity value of the we22 Group and IONOS Group SE.

As part of the LTIP program, eligible employees of the we22 Group were allocated Management Incentive Plan (MIP) units, the value of which is based on the enterprise value of IO-NOS Group SE less a fixed exercise price. They vest on a straight-line basis over a period of around four years (starting from the date of issue), provided that the employee in question has not given notice by the end of each year or December 31, 2024. Alternatively, in the event of a change of control at IONOS SE before the end of 2024, some 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 unlikely, this option is not considered in the measurement of the plan. The entitlements are settled in cash. The entitlements are therefore recognized as cash-settled share-based payment transactions.

As in the previous year, no new MIP units were issued from this program in the 2023 fiscal year.

The fair value was determined using a Black-Scholes model.

The volatility used to determine the fair value was calculated from the weighted average of the price fluctuations of the last 180 days (weighted at 1/3) or the last 360 days (weighted at 2/3) of the peer group of the Business Applications division.

As the exercise prices of the MIP units already take into account equity returns, no additional consideration of a dividend yield was made when measuring the entitlements.

The program for we22 resulted in the following effects as at the reporting date:

€k	2023	2022
Total expense from the program	128	2,531
Cumulative expense until December 31	106	1,189
Expense for future years	22	1,342
Personnel expense in the fiscal year	-1,202	520
Grant-date fair value of commitments awarded in the fiscal year	2,846	2,846

The changes in the issued and outstanding MIP units are shown in the following table:

	MIP Units	Average strike price (€)
Outstanding as of Dec. 31, 2022	**70,338**	**161.56**
Expired/forfeited	-1,875	n/a
Outstanding as of Dec. 31, 2023	**68,463**	**161.56**
Exersisable as of Dec. 31, 2023	0	n/a
Exersisable as of Dec. 31, 2022	0	n/a

Stock Appreciation Rights (SAR IONOS Group SE)

In December 2022, a new incentive plan was launched for the members of the Management Board of IONOS Group SE, subject to a successful IPO. The SAR program takes the form of stock appreciation rights and is treated as a share-based remuneration transaction settled with equity instruments. A stock appreciation right (SAR) is a commitment by IONOS Group SE to make a payment to the beneficiaries in the amount of the difference between the stock market price at the time the option is granted (agreed exercise price) and the stock market price at the time the option is exercised. The exercise hurdle is 110% of the exercise price after three years, 115% after four years and 120% after five years. The exercise price is calculated as the mean value of the closing prices in Xetra trading for the company's shares on the Frankfurt Stock Exchange during the last 10 trading days prior to the date of issue of the option. The payment of the increase in value for the beneficiary is limited, depending on the agreements of individual tranches, to 100% of the calculated stock exchange price (exercise price) or 150% of the calculated stock exchange price (exercise price).

A SAR corresponds to a virtual subscription right to a share in IONOS Group SE, but is not a share right and therefore not a (genuine) option to acquire shares in IONOS Group SE. The beneficiaries have no claim to a possible dividend payment by the company. However, IONOS Group SE reserves the right, at its own discretion, to fulfill its obligation to pay the SAR in cash instead by transferring shares of IONOS Group SE from its treasury stock to the beneficiaries. The program is therefore accounted for as an equity-settled plan, as there is no current obligation to settle in cash.

The option right can be exercised for a partial amount of up to 33.33% at the earliest 36 months after the date of issue of the option, for a partial amount of up to 66.66% at the earliest 48 months after the date of issue of the option and for the total 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. One third of the vested amount is therefore earned over each of the aforementioned periods.

However, the SARs have a basic term of 6 years, meaning that all unexercised SARs lapse without compensation at the end of this period. Furthermore, additional reductions in the payout amounts are possible in connection with predefined ESG targets. These targets are not yet known at the time the financial statements are prepared. As part of the ESG targets, entitlements can be reduced by a maximum of 10% if the targets are not met. The IPO of IONOS Group SE took place on February 8, 2023, which also corresponds to the allocation 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, if possible. The exercise of SARs is limited to two 10-day windows per calendar year, starting shortly after the Annual General 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 time the options issued were granted was determined as follows:

	Feb. 8, 2023	Apr. 1,2023	Jul. 1,2023
Number of SAR	4.016.216	195.000	762.000
Initial 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 duration (in years)	6	6	6
Risk-free interest	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 on 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 (weighted at 1/3) or the last 360 days (weighted at 2/3) of the Hosting peer group, as the IONOS Group SE share price was quoted for less than 360 days at the time the financial statements were prepared.

The SAR program will have the following effects in the 2023 fiscal year:

€k	2023	2022
Total expense from the program	22,601	n/a
Cumulative expense until December 31	5,706	n/a
Expense for future years	16,895	n/a
Personnel expense in the fiscal year	5,706	n/a

The changes in the issued and outstanding SARs are shown in the following table:

	Number	Average strike price (€)
Outstanding as of Dec. 31, 2022	**0**	**n/a**
Issued	4,973,216	17.51
Expired/forfeited	0	0
Outstanding as of Dec. 31, 2023	**4,973,216**	**17.51**

38. Issued capital

The share capital of the Group parent company IONOS Group SE was increased from € 360k by € 139,640 l from company funds (other reserves) upon registration on February 1, 2023 and amounted to € 140,000k as at December 31, 2023 (previous year: € 360k).

The share capital consists of 140,000,000 shares (previous year: 360,000 shares including one preference share). The preference share of IONOS Group SE was converted into an ordinary share. The shares of IONOS Group SE have been listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard) since February 8, 2023 under ISIN: DE000A3E00M1, WKN: A3E00M, Ticker Symbol: IOS. Following the IPO of IO-NOS Group SE, United Internet AG holds 63.8% and Warburg Pincus 21.2% of the shares. A further 15.0% are in free float. These are no-par value shares with a notional value in the share capital of € 1 per share.

Authorized capital

By resolution of the Extraordinary General Meeting on January 26, 2023, the Management Board is authorized to increase the share capital of IONOS Group SE by August 31, 2026, with the approval of the Supervisory Board, once or in partial amounts by a total of up to € 56,000k by issuing new no-par value shares against cash and/or non-cash contributions. The Management Board was also authorized to decide on the exclusion of shareholders' subscription rights.

Bedingtes Kapital

By resolution of the Annual General Meeting on May 15, 2023, the share capital of IONOS Group SE was conditionally increased by up to € 20,000k, divided into up to 20,000,000 no-par value registered shares. The conditional capital increase will only be carried out to the extent that the holders or creditors of option or conversion rights or those obliged to convert from bonds with warrants or convertible bonds issued by IONOS Group SE or a subordinate Group company of IONOS Group SE on the basis of the authorization of the Management Board by the Annual General Meeting resolution of 15 May 2023 until 31 August 2026. The new shares are to be issued to the extent that IONOS Group SE or a subordinate group company of IONOS Group SE, which are issued or guaranteed until August 31, 2026, exercise their option or conversion rights or, insofar as they are obliged to convert, fulfill their obligation to convert, or insofar as IONOS Group SE exercises an option to grant shares in IONOS Group SE in whole or in part instead of payment of the cash amount due, unless cash compensation is granted or treasury shares or shares of another listed company are used for servicing. The new shares will be issued at the option or conversion price to be determined in accordance with the aforementioned authorization resolution. The new shares shall participate in profits from the beginning of the fiscal year in which they are created; to the extent permitted by law, the Management Board may, with the approval of the Supervisory Board, also determine the profit participation of new shares for a fiscal year that has already expired. The Management Board is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.

39. Reserves

The change in other reserves in the 2023 fiscal year is mainly due to the capital increase at IONOS Group SE and the associated decrease in other reserves of € 139,640k, the consolidated net income of € 174,231k (previous year: € 73,772k) and the measurement of the LTIP and SAR employee programs in the amount of € 6,843k (previous year: € 3,669k). In addition, deferred tax assets of € 13,382k (previous year: € 3,227k) on the LTIP employee program were reversed through other reserves in the reporting year (previous year: € 13,630k) and € 13,630k LTIP was paid out.

Currency translation adjustment

Differences from the translation of the financial statements of foreign subsidiaries not recognized in profit or loss are reported under currency translation differences.

40. Non-controlling interests

The non-controlling interests as at December 31, 2023 relate to minority interests in premium.pl Sp. z o.o., Szczecin, Poland (25.00% of the share capital).

The following financial information comprises summarized information on assets, liabilities, profit or loss of subsidiaries with material non-controlling interests. In the previous year, the information on profit and loss includes InterNetX Holding GmbH until its acquisition by IONOS SE in the first half of the 2022 fiscal year.

€k	2023	2022
Current assets	653	544
Non-current assets	13	21
Current liabilities	81	78
Non-current liabilities	1	0
Equity	**583**	**487**
Revenue from contracts with customers	635	111,734
Pre-tax result	**70**	**18,993**
Income taxes	-15	-5,761
Net income	**55**	**13,232**

In the previous year, the information on profit or loss includes InterNetX Holding GmbH until its acquisition by IONOS SE in the first half of the 2022 reporting year.

41. Additional disclosures on financial instruments

The following table shows the carrying amounts of each category of financial assets and liabilities as at December 31, 2023:

€k	Measurement category acc. to IFRS 9	Carrying amount as of 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	22,652	22,652	0	0	22,652
Trade accounts receivable	ac	73,512	73,512	0	0	73,512
Receivables from related parties	ac	63,094	63,094	0	0	63,094
Other current financial assets	ac	28,313	28,313	0	0	28,313
Other non-current financial assets	ac	761	761	0	0	673

€k	Measurement category acc. to IFRS 9	Carrying amount as of Dec. 31, 2023	Amortized cost	Fair value through profit or loss	Measurement acc. to IFRS 16	Fair value as of Dec. 31, 2023
Financial liabilities						
Trade accounts payable	flac	-89,227	-89,227	0	0	-89,227
Liabilities to related parties	flac	-356,292	-356,292	0	0	-373,671
Liabilities due to banks	flac	-797,587	-797,587	0	0	-811,903
Other financial liabilities						
Lease liabilities	n/a	-124,610	0	0	-124,610	n/a
Contingent purchase price liabilities	fvtpl	-10,922	0	-10,922		-10,922
Other	flac	-28,279	-28,279	0	0	-28,279
Thereof aggregated acc. to measurement categories:						
Financial assets at amortized cost	ac	188,332	188,332	0	0	188,244
Financial liabilities at amortized cost	flac	-1,271,385	-1,271,385	0	0	-1,303,080
Financial liabilities measured at fair value through profit or loss	fvtpl	-10,922	0	-10,922	0	-10,922

The following net results were reported for the individual categories of financial instruments in accordance with IFRS 9 in the 2023 fiscal year:

€k	Measurement category acc. to IFRS 9	from interest and dividends	Measurement at fair value	Currency translation	Value adjustment	Other	Net result
			Net gains and losses from subsequent measurement				
Financial assets at amortized cost	ac	1,160	0	-484	-14,143	0	-13,467
Financial liabilities at amortized cost	flac	-81,365	0	-207	0	0	-81,572
Financial liabilities measured at fair value							
- through profit or loss	fvtpl	**0**	**22,881**	**0**	**0**	**0**	**22,881**
Total		-80,205	22,881	-691	-14,143	0	-72,158

Income and expenses from the measurement of liabilities to be measured at fair value are reported under financial income and financial expenses.

The following table shows the carrying amounts of each category of financial assets and liabilities as at 31.12.2022:

€k	Measurement category acc. to IFRS 9	Carrying amount as of Dec. 31, 2022	Amortized cost	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	26,440	26,440	0	0	26,440
Trade accounts receivable	ac	66,628	66,628	0	0	66,628
Receivables from related parties	ac	27,964	27,964	0	0	27,964
Other current financial assets	ac	12,377	12,377	0	0	12,377
Other non-current financial assets	ac	903	903	0	0	779

€k	Measurement category acc. to IFRS 9	Carrying amount as of Dec. 31, 2022	Amortized cost	Fair value through profit or loss	Measurement acc. to IFRS 16	Fair value as of Dec. 31, 2022
Financial liabilities						
Trade accounts payable	flac	-80,324	-80,324	0	0	-80,324
Liabilities to related parties	flac	-1,251,570	-1,251,570	0	0	-1,321,312
Other financial liabilities						
Lease liabilities	n/a	-129,068	0	0	-129,068	n/a
Contingent purchase price liabilities	fvtpl	-38,219	0	-38,219		-38,219
Other	flac	-29,189	-29,189	0	0	-29,189
Thereof aggregated acc. to measurement categories:						
Financial assets at amortized cost	ac	134,312	134,312	0	0	134,188
Financial liabilities at amortized cost	flac	-1,361,083	-1,361,083	0	0	-1,430,825
Financial liabilities measured at fair value through profit or loss	fvtpl	-38,219	0	-38,219	0	-38,219

*

*: adjusted

The following net results were reported for the individual categories of financial instruments in accordance with IFRS 9 in the 2022 fiscal year:

			Net gains and losses from subsequent measurement				
€k	Measurement category acc. to IFRS 9	from interest and dividend	Measurement at fair value	Currency translation	Value adjustment	Other	Net result
Financial assets at amortized cost	ac	422	0	–405	–8.605	0	–8.588
Financial liabilities at amortized cost	flac	–90.783	0	–174	0	–98	–91.055
Financial liabilities measured at fair value							
- through profit or loss	fvtpl	0	–2.122	0	0	0	–2.122
Total		**–90.361**	**–2.122**	**–579**	**–8.605**	**–98**	**–101.765**

The methods and assumptions used to determine the fair values are as follows:

- Cash and cash equivalents, trade receivables, trade payables, current receivables from and liabilities to related parties and other current assets and liabilities are very close to their carrying amount, mainly due to the short maturities of these instruments. The same applies to current liabilities to banks.
- Liabilities in connection with finance leases show slight differences between the carrying amount and fair value due to the change in interest rates.

- The fair value of financial assets and financial liabilities is stated at the amount for which the instrument could be exchanged in a current transaction (other than a forced sale or liquidation) between willing parties.
- Long-term fixed-interest and variable-interest receivables / loans are valued by IONOS based on parameters such as interest rates, certain country-specific risk factors and the creditworthiness of the individual debtors. Based on this valuation, value adjustments are made to take account of expected defaults on these receivables. As at December 31, 2023, the carrying amounts of these receivables, less valuation allowances, did not differ significantly from their calculated fair values.
- The fair value of other financial liabilities and fixed-interest non-current liabilities to related parties is estimated by discounting future cash flows using interest rates currently available for borrowed capital at comparable conditions, credit risks and residual terms. Option price models are primarily used for the measurement of contingent purchase price liabilities.
- The fair value of unquoted financial assets and liabilities measured at fair value is estimated using appropriate valuation techniques.

Fair value hierarchy

IONOS uses the following hierarchy to determine and report the fair value of financial instruments for each valuation method:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: methods in which all input parameters that have a significant effect on the recognized fair value are either directly or indirectly observable.

Level 3: methods that use inputs that have a significant effect on the recognized fair value and 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 liabilities measured at fair value through profit or loss				
Contingent purchase price liability	-10,922	0	0	-10,922

As in the previous year, there were no transfers between the measurement levels during the reporting period.

€k	As of Dec. 31, 2022	Level 1	Level 2	Level 3
Financial liabilities measured at fair value through profit or loss				
Contingent purchase price liability	-38,219	0	0	-38,219

The significant unobservable inputs for the fair value measurements categorized in Level 3 of the fair value hierarchy and a quantitative sensitivity analysis as at 31 December 2023 and 31 December 2022 are presented below:

Dec. 31, 2023	Measurement method	Main non-observable inputs	Considered in measurement	Sensitivity of input on fair value	
Contingent purchase price liability	Black Scholes	Maturity	0.25 years	+0.50 years	n.a.
				€ +1.2 million	n.a.
		Volatility	33.7%	+1%	-1%
				€ +0.1 million	€ -0.1 million

Dec. 31, 2022	Measurement method	Main non-observable inputs	Considered in measurement	Sensitivity of input on fair value	
Contingent purchase price liability	Black Scholes	Maturity	0.1 years	+0.25 years	n.a.
				€ -2.7 million	n.a.
		Volatility	39.3%	+1%	-1%
				€ -0.0 million	€ +0.0 million

Reconciliation of the measurement to fair value in Level 3:

T€	Contingent purchase price liability
Balance as of Jan. 1, 2022	**–36,097**
Changes in value recognised in finance cost	–10,908
Changes in value recognised in finance income	8,786
Balance as of Dec. 31, 2022	**–38,219**
Changes in value recognised in finance cost	–7,814
Changes in value recognised in finance income	30,695
Derecognition	4,416
Balance as of Dec. 31, 2023	**–10,922**

42. Related party disclosures

Related parties within the meaning of IAS 24 are persons and companies if one of the parties has the ability to control or exercise significant influence over the other party.

In addition to the Management Board and Supervisory Board of IONOS Group SE and IONOS Holding SE and their close family members, related parties of the Group also include the Group companies of the United Internet AG Group which are not part of the scope of consolidation of IONOS. Furthermore, investments over which the companies of the United Internet Group can exert a significant influence (associated companies) and their subsidiaries are classified as related parties. In addition, Mr. Ralph Dommermuth, as a major shareholder of United Internet AG, is classified as a related party.

Management Board and Supervisory Board

The members of the Management Board and Supervisory Board of IONOS Group SE and IONOS Holding hold key positions within the Group and are therefore classified as related parties. The Management Board of IONOS Holding SE is composed of the same persons as the Management Board of IONOS SE.

Management Board

In the 2023 fiscal year, the Management Board of IONOS Group SE (as the Group parent company) and IO-NOS Holding SE consisted of the following members:

IONOS Group SE:
- Achim Weiß (chair)
- Dr. Jens Reich (deputy chair, since Jul. 1, 2023)
- Britta Schmidt

IONOS Holding SE:
- Hüseyin Dogan
- Dr. Markus Noga (since Apr 1, 2023)
- Dr. Jens Reich (since Jul. 1, 2023)
- Dr. Martin Endreß (until Sep. 30, 2023)
- Anne Claudia Frese
- Arthur Mai
- Hans-Henning Kettler (until Jun. 30, 2023)

The Supervisory Board is responsible for determining the remuneration of the Management Board. The remuneration of the members of the Management Board is performance-related. It includes a fixed and a variable component (bonus). A target income is set for the fixed remuneration and the bonus, which is reviewed regularly. The fixed remuneration is paid monthly as a salary. The amount of the bonus depends on the achievement of certain financial targets set at the beginning of the fiscal year, which are essentially based on sales and earnings figures.

A target achievement range of 90% to 150% applies. The bonus payment ends at 150% target achievement. A minimum bonus is not guaranteed. Payment is made after the consolidated financial statements have been approved by the Supervisory Board.

The short-term benefits due to the Management Board and Supervisory Board of IONOS Group SE and IONOS Holding SE for the 2023 fiscal year are divided into fixed and variable remuneration and fringe benefits as follows:

€k	2023	2022
Fixed remuneration	3,315	1,993
Variable remuneration not including share-based payments	1,849	884
Ancillary benefits	245	266
Total	**5,409**	**3,143**

The variable remuneration for the 2023 fiscal year has not yet been paid out as at December 31, 2023 and is included in a provision.

IONOS Group SE has not made any pension commitments to the members of the Management Board.

The expenses for share-based payments recognized in the consolidated financial statements for the members of the Executive Board amounted to € 1,008k (previous year: € 3,533k) in connection with the

LTIP and € 5,706k (previous year: € 0k) in connection with the SAR. The SAR expense includes € 397k that was already earned in 2022.

The total remuneration of the Management Board and Supervisory Board in accordance with IAS 24 is as follows:

€k	2023	2022
Payments due in the short-term	5,334	2,964
Benefits due to termination of the employment relationship	75	179
Share-based payment	6,714	3,533
Total	**12,123**	**6,676**

In the 2023 fiscal year, 3,832k rights to share-based remuneration in the form of SARs with a market value of € 17,283k and 20,429 rights in the form of LTIP with a market value of € 0k were granted to the members of the Management Board.

The total remuneration of the Executive Board as defined by Section 314 para. 1 no. 6 a and b HGB, i.e. including the market value of the share-based payments granted in 2023, amounted to € 19,596k in the fiscal year (previous year: € 1,044k). In the 2023 fiscal year, € 75k was granted to former members of the Management Board after termination of employment.

For details of the LTIP, please refer to the comments under 37 Share-based payment.

Supervisory Board

In the 2023 fiscal year, the Supervisory Boards of IONOS Group SE and IONOS Holding SE consisted of the following members:

IONOS Group SE:

- Ralph Dommermuth (chair, since Jan. 26, 2023)
- René Obermann (deputy chair, since Jan. 26, 2023)
- Dr. Claudia Borgas-Herold (since Jan. 26, 2023)
- Martin Mildner (since Jan. 26, 2023)
- Vanessa Stützle (since Jan. 26, 2023)
- Kurt Dobitsch (since Jan. 26, 2023)
- Max Fowinkel (chair, until Jan. 26, 2023)
- Issam Abedin (deputy chair, until Jan. 26, 2023)
- Markus Kadelke (until Jan. 26, 2023)
- Lutz Laffers (until Jan. 26, 2023)
- Markus Langer (until Jan. 26, 2023)
- Lysander Ammann (until Jan. 26, 2023)

IONOS Holding SE:

- Ralf Hartings (chair, since Aug. 2,.2023)
- Lutz Laffers (deputy chair, since Aug. 2, 2023)
- Ralph Dommermuth
- René Obermann (deputy chair, until Aug 1, 2023)
- Kurt Dobitsch (until Aug. 1, 2023)
- Martin Mildner (until Aug. 1, 2023)
- Vanessa Stützle (until Aug. 1, 2023)
- Dr. Claudia Borgas-Herold (until Aug. 1, 2023)

The members of the Supervisory Board of IONOS Group SE did not receive any remuneration in the previous year. In the 2023 fiscal year, the members of the Supervisory Board of IONOS Group SE received the following remuneration for exercising their Supervisory Board function from January 26, 2023:

2023

€k	Fixed	Attendance fee	Total
Ralph Dommermuth	0	0	0
René Obermann	0	0	0
Dr. Claudia Borgas-Herold	60	4	64
Martin Mildner	0	0	0
Vanessa Stützle	45	4	49
Kurt Dobitsch	65	4	69
Total	**170**	**12**	**182**

The following table provides information on the remuneration of the members of the Supervisory Board of IONOS Holding SE:

2023

€k	Fixed	Attendance fee	Total
Ralf Hartings	0	0	0
Lutz Laffers	0	0	0
Ralph Dommermuth	0	0	0
René Obermann	0	0	0
Dr. Claudia Borgas-Herold	12	3	15
Kurt Dobitsch	12	3	15
Martin Mildner	0	0	0
Vanessa Stützle	12	3	15
Total	**36**	**9**	**45**

2022

€k	Fixed	Attendance fee	Total
Ralph Dommermuth	0	0	0
René Obermann	0	0	0
Dr. Claudia Borgas-Herold	7	1	8
Kurt Dobitsch	20	3	23
Martin Mildner	0	0	0
Vanessa Stützle	20	2	22
Total	**47**	**6**	**53**

Transactions with related parties

Related parties of IONOS include the Group companies of the United Internet AG Group which are not part of the scope of consolidation of IONOS. In addition, investments over which the companies of the United Internet Group can exert a significant influence (associated companies) and their subsidiaries are classified as related parties.

Current receivables from related parties as at December 31, 2023 and December 31, 2022 break down as follows:

€k	Dec. 31, 2023	Dec. 31, 2022
United Internet AG	59,620	22,225
1&1 Mail & Media GmbH	1,870	3,004
1&1 Versatel GmbH	664	15
1&1 Telecommunication SE	396	1,070
1&1 Mail & Media Inc.	209	311
1&1 Telecom GmbH	209	291
United Internet Media GmbH	62	118
1&1 AG	0	828
Other	64	102
Receivables from related parties	**63,094**	**27,964**

Receivables from related parties include receivables from the cash pool (€ 59,636k; previous year: € 23,596k) and trade receivables (€ 3,458k; previous year: € 4,368k). IONOS Group SE acts as an intermediate consolidation company for the cash pool with United Internet AG and its subsidiaries. The outstanding balances from cash pooling at the end of the fiscal year are unsecured, interest-bearing and are generally settled in cash. There are no guarantees for receivables from related parties. Receivables from related parties were not impaired in the 2022 and 2023 fiscal years. In addition, as at December 31, 2023, there were receivables from associated companies in the amount of € 7k (previous year: € 0k).

Current liabilities to related parties as at December 31, 2023 and December 31, 2022 break down as follows:

€k	Dec. 31, 2023	Dec. 31, 2022
United Internet Corporate Services GmbH	3,593	3,777
1&1 Telecommunication SE	827	1,496
A1 Marketing, Kommunikation und neue Medien GmbH	1,639	877
United Internet Sourcing & Apprenticeship GmbH	125	113
Other	108	101
Liabilities to related parties	**6,292**	**6,570**

Liabilities to related parties relate to trade payables. The outstanding balances at the end of the fiscal year are unsecured, non-interest-bearing and will be settled in cash. There are no guarantees. In addition, there were liabilities to associated companies of the United Internet Group of € 198k as of December 31, 2023 (previous year: € 245k).

As of December 31, 2023, non-current liabilities to related parties consisted of a long-term loan between IONOS Holding SE and United Internet AG and amounted to € 350,000k. As at December 31, 2022, non-current liabilities to related parties amounted to € 1,245,000k and comprised a vendor loan of € 819,000k for the acquisition of shares in IONOS SE and a loan of € 350,000k for the acquisition of shares in STRATO AG. Both loans bore interest at 6.75% p.a., had a term until December 31, 2026 and were unsecured. In addition, there was a long-term loan liability to United-Internet AG in the amount of € 76,000k. The loan was granted for the acquisition of shares in World4You Internet Service GmbH, had a term until December 31, 2023 and bore interest at 5.0% p.a. These three loans were combined on January 27, 2023 to form a loan in the total amount of € 1,245,000k at an interest rate of 6.75% p.a. and with a term until December 15, 2026. The loan of € 800,000k agreed with a bank consortium on December 15, 2023 was used in full for the partial repayment of the liability to United Internet AG.

The following table shows the total amount of transactions with related parties in the 2023 and 2022 fiscal years:

Purchases/services from related parties 2023	Sales/services to related parties 2023	Purchases/services from related parties 2022	Sales/services to related parties 2022
€k	€k	€k	€k
63,852	53,478	103,707	48,674

The services purchased from related parties mainly relate to the provision of SAP licenses, support for the associated IT systems and financial accounting, which are made available to IONOS by 1&1 Telecommunication SE, as well as marketing services purchased by IONOS from A1 Marketing, Kommunikation und neue Medien GmbH, Montabaur. The invoicing process is handled and provided for IONOS by 1&1 Telecom GmbH and A1 Marketing, Kommunikation und neue Medien GmbH. Since the 2022 reporting year, rental expenses for business premises rented by Ralph Dommermuth or companies attributable to him have been shown as services purchased from related parties. The decrease in purchases/services from related parties from € 103,707k in the 2022 reporting year to € 63,852k in the 2023 fiscal year is mainly due to lower purchasing volumes for advertising services from A1 Marke-ting, Kommunikation und neue Medien GmbH, Montabaur.

IONOS Group SE and its subsidiaries own and operate the eleven data centers of the United Internet Group. The sales/services to related companies/persons relate, among other things, to the provision of data center services for the Consumer Access and Consumer Applications segments of the United Internet Group.

In addition, service purchases from associated companies of United Internet AG amounting to € 12,404k (previous year: € 10,632k) are included. The service purchases mainly relate to Open Xchange GmbH € 5,031k (previous year: € 3,733k), a subsidiary of Ranking Coach GmbH € 4,868k (previous year: € 4,281k), uberall GmbH € 2,399k (previous year: € 2,502k) and Stackable GmbH € 11k (previous year: € 46k).

The following table shows the interest expenses and interest income with related parties in the respective fiscal year:

Interest income 2023	Interest expenses 2023	Interest income 2022	Interest expenses 2022
€k	€k	€k	€k
890	87,463	70	90,702

Interest income and interest expenses with related parties mainly relate to interest on cash pool balances and loan relationships.

The service relationships with related parties have been settled at market conditions.

Other disclosures on transactions with related parties

The business premises of IONOS in Montabaur and other Group locations are partly rented by Mr. Ralph Dommermuth or companies attributable to him in 2023. The rental agreements are based on joint agreements with United Internet Corporate Services GmbH, Montabaur, 1&1 Telecommunication SE, Montabaur, and 1&1 Mail & Media Applications SE, Montabaur. The corresponding rental agreements have different expiry dates between March 2033 and September 2035. The corresponding rental expenses are at the usual local level and amounted to € 4,094k in the 2023 fiscal year (previous year: € 4,068k).

The following tables show rights of use in connection with related parties.

€k	Carrying amount as of Jan. 1, 2023	Addition to fiscal year	Disposal	Depreciation	Carrying amount as of Dec. 31, 2023
Right-of-use assets	37,611	1,280	-948	-3,535	34,019

€k	Carrying amount as of Jan. 1, 2022	Addition to fiscal year	Disposal	Depreciation	Carrying amount as of Dec. 31, 2022
Right-of-use assets	34,458	8,629	-2,045	-3,431	37,611

The following tables show lease liabilities in connection with related parties.

€k	Carrying amount as of Jan. 1, 2023	Addition to fiscal year	Disposal	Depreciation	Carrying amount as of Dec. 31, 2023
Lease liability	38,622	1,280	-948	-2,582	36,372

€k	Carrying amount as of Jan. 1, 2022	Addition to fiscal year	Disposal	Depreciation	Carrying amount as of Dec. 31, 2022
Lease liability	35,277	8,715	-1,929	-3,441	38,622

In the previous year, the acquisition of IONOS Cloud GmbH resulted in a contingent purchase price liability of € 4,416k to Mr. Achim Weiß, which was reported under other current liabilities. The amount of the purchase price was largely dependent on the company's earnings performance. This contingent purchase price liability was settled in the 2023 fiscal year in the amount of € 4,416k.

43. Objectives and methods of financial risk management

Principles of risk management

The system of the risk management system introduced in the Group is based on the COSO ERM framework and is described in detail in the management report.

The basic principles of financial policy are determined by the Executive Board and monitored by the Supervisory Board. Certain transactions require the prior approval of the Supervisory Board.

The main financial liabilities used by IONOS include liabilities to related parties, trade payables and other financial liabilities.

IONOS has various financial assets that result directly from its business activities. They mainly comprise trade receivables and current receivables from related parties. In addition, there are financial assets in the form of long-term loans and shares in other companies.

As at the balance sheet date, IONOS essentially had primary financial instruments. The aim of financial risk management is to limit these risks through ongoing operating and finance-oriented activities. With regard to its assets, liabilities and planned transactions, IONOS is particularly exposed to liquidity risks and market risks, which are presented below.

Liquidity risk

Liquidity risk is the risk that a company may have difficulties in meeting the payment obligations arising from its financial liabilities. For IONOS, the liquidity risk is basically the risk, unchanged from the previous year, that the companies included in the Group may not be able to meet their financial obligations.

IONOS is integrated into the United Internet Group's cash management system. The United Internet Group's cash management system centrally calculates all cash requirements and surpluses worldwide. By netting cash requirements and surpluses within the Group, the number of external bank transactions is reduced to a minimum. Netting is carried out using the cash pooling method. IONOS Group SE has established standardized processes and systems to manage its bank accounts and internal clearing accounts and to carry out automated payment transactions. In addition to operating liquidity, IONOS also maintains other liquidity reserves that are available at short notice.

The following table shows all contractually fixed payments for redemptions, repayments and interest from recognized financial liabilities as at December 31, 2023 and 2022. There is no contractual obligation to repay the liabilities to banks and related parties before the end of 2026. For the loan liability to related parties, the repayments planned unilaterally by IONOS were taken into account. There was no contractual obligation to repay the remaining loan liabilities to related parties in the amount of € 1,169,000k before the end of 2026. In the reporting year, the loan liabilities to affiliated companies were combined into one loan and repaid in the amount of the new loan taken out in the 2023 fiscal year (€ 800,000k).

	Carrying amount	Cash outflow for redemptions and interest in the fiscal year					
€k	Dec. 31. 2023	2024	2025	2026	2027	> 2027	Total
Liabilities due to banks	797,587	38,445	37,320	835,786	0	0	911,551
Trade accounts payable	89,227	89,227	0	0	0	0	89,227
Lease liabilities	124,610	18,273	15,795	15,421	14,751	79,991	144,231
Other financial liaabilities	39,201	33,797	92	5,046	0	266	39,201
Liabiities to related parties	356,292	151,022	136,121	103,422	0	0	390,565

	Carrying amount	Cash outflow for redemptions and interest in the fiscal year					
€k	Dec. 31. 2022	2023	2024	2025	2026	> 2026	Total
Liabilities due to banks	0	0	0	0	0	0	0
Trade accounts payable	80,324	80,324	0	0	0	0	80,324
Lease liabilities	129,068	17,834	16,669	14,561	14,126	88,209	151,399
Other financial liaabilities	67,408	67,033	257	0	0	118	67,408
Liabiities to related parties	1,251,570	223,408	182,202	227,963	875,549	0	1,509,122

Market risk

The Group's activities are primarily exposed to financial risks from changes in interest rates, exchange rates and credit and default risk.

Interest rate risk

Interest rate (change) risk is the risk that fair values or future interest payments on existing and future financial liabilities will fluctuate due to changes in market interest rates. As at December 31, 2023, there were mainly fixed-interest liabilities to banks and related parties. These are not subject to any interest rate risk affecting profit or loss.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates. IONOS operates internationally and is therefore exposed to foreign currency risk based on changes in the exchange rates of various foreign currencies, primarily the US dollar, pound sterling, Polish zloty and euro. The Group is primarily exposed to exchange rate risks from its business activities (if sales revenues and / or expenses are denominated in a currency other than the Group's functional currency), loans, liabilities to related parties and net investments in foreign subsidiaries.

The currency risk of IONOS results from investments, financing measures and operating activities. Foreign currency risks that do not affect the company's cash flows (i.e. risks resulting from the translation of assets and liabilities of foreign entities into the Group's reporting currency) remain unhedged as a matter of principle.

The following table shows the sensitivity to a reasonably possible change in the exchange rate of the dollar, pound sterling and Polish zloty. All other variables remain constant. The effects on consolidated earnings after taxes result from changes in the fair values of monetary assets and liabilities. See below for the effects of exchange rate movements at +/-10 %.

Change in USD rate	2023 Effect on net income (€k)	2022 Effect on net income (€k)
+10%	-8,423	-7,212
-10%	8,475	7,270

Change in GBP rate	2023 Effect on net income (€k)	2022 Effect on net income (€k)
+10%	-1,377	-2,539
-10%	1,417	2,570

Change in PLN rate	2023 Effect on net income (€k)	2022 Effect on net income (€k)
+10%	-63	-42
-10%	77	51

Currency risks arise from financial instruments that are denominated in a currency other than the functional currency and are of a monetary nature; exchange rate-related differences from the translation of financial statements into the Group currency are not taken into account.

Credit and default risk

IONOS is exposed to default risk due to its business activities. In order to reduce default risks, an elaborate fraud management system has been established, which also has a preventive effect and is constantly being developed further. Outstanding receivables are continuously monitored on a decentralized, division-specific basis. Unavoidable default risks are taken into account by means of individual value adjustments and lump-sum individual value adjustments.

With regard to trade receivables, the maximum credit risk is the gross amount of the receivable recognized in the balance sheet before valuation allowances. Trade receivables that are not impaired as at the balance sheet date are broken down in Note 19 according to the time bands in which they are overdue.

There are no significant concentrations of credit risk at IONOS.

Risks from financial covenants

The loan liability to banks of IONOS Holding SE is subject to financial covenants. A breach of a certain net debt to EBITDA ratio could result in the individual lenders being able to terminate the loan outstanding with the company. In view of the currently low ratio of net debt to EBITDA of IONOS, the probability of occurrence is considered to be low. Compliance with the loan covenants is continuously monitored by the Management Board and was ensured throughout the year.

Capital management

As the parent company of the Group, IONOS Group SE is not subject to any further statutory or contractual obligations to maintain capital beyond the provisions of the German Stock Corporation Act. The key financial figures used by the company for corporate management purposes are predominantly performance-oriented. The objectives, methods and processes of capital management are subordinate to the performance-oriented financial indicators (see explanations in section 2.3 on the net assets, financial position and results of operations in the Group management report).

In order to maintain or adjust the capital structure, the company may adjust dividend payments to shareholders or repay capital to shareholders, acquire treasury shares and place them again if necessary or issue new shares.

44. Contingent liabilities and other obligations

Zum 31. Dezember 2023 bestanden folgende sonstige finanzielle Verpflichtungen, die kein Leasingverhältnis darstellen:

€k	2023	2022
Up to 1 year	5,243	3,008
1 to 5 years	13,955	9,597
Over 5 years	5,240	3,520
Total*	**24,438**	**16,125**

* The information is provided on the basis of contractual minimum terms.

Other financial obligations mainly include ancillary costs from building leases.

As at the balance sheet date, there were purchase obligations for property, plant and equipment totaling € 12,096k (previous year: € 6,279k) and for intangible assets totaling € 1,309k (previous year: € 964k).

The integration of IONOS Group SE into the two-tier cash pooling system of the parent company Uni-ted Internet AG results in a positive balance from offsetting the liabilities from cash pooling of the companies of the United Internet Group against the credit balance of the parent company, which means that there is no joint and several liability risk.

Beyond this, the Management Board is not aware of any facts that could have a material adverse effect on the company's business activities, financial circumstances or business results.

45. Leases

Group as lessee

The obligations mainly comprise obligations for the rental of buildings and vehicles.

There are options to extend the contractual relationships with regard to the majority of rental agreements. The conditions of these extension options are freely negotiable or identical to the current conditions. The company currently intends to exercise all significant extension options. The company does not intend to exercise any significant termination options.

The following expenses from leases were incurred in the fiscal year:

€k	2023	2022
Depreciation of right-of-use assets		
- Land and buildings	14,618	14,151
- Operating and office equipment	1,142	1,390
Total depreciation of right-of-use assets	**15,760**	**15,541**
Interest expense from lease liabilities	4,280	3,575
Expense for short-term leases	298	44
Expense for low-value leases	106	235

As at December 31, 2023, the carrying amounts of the right-of-use assets by class of underlying assets were as follows:

€k	Carrying amount as of Dec. 31, 2023	Carrying amount as of Dec. 31, 2022
Land and buildings	112,404	117,348
Operating and office equipment	1,796	2,186
Total right-of-use assets	**114,200**	**119,534**

Lease obligations existing as at December 31, 2023 have the following terms:

€k	Carrying amount as of Dec. 31, 2023	Carrying amount as of Dec. 31, 2022
Up to 1 year	14,387	13,787
1 to 5 years	49,352	46,918
Over 5 years	60,871	68,363
Total	**124,610**	**129,068**

As at December 31, 2023, the lease obligations developed as follows:

€k	2023	2022
As of January 1	129,068	92,526
Additons	11,805	56,543
	0	0
Interest effect	4,280	3,575
Payments	-19,201	-15,931
Disposals	-1,343	-7,491
Income from foreign currency translation	1	-154
As of December 31	124,610	129,068
thereof current	14,387	13,787
thereof non-current	110,223	115,281

Payments due to leasing obligations are reported under cash flow from financing activities.

Group as lessor

Since 2022, the Group has acted as lessor of finance leases as part of the subletting of office buildings. Current receivables from finance leases are reported under trade receivables. The reconciliation of the gross investment in the leases to the present value of the outstanding minimum lease payments and their maturities is as follows:

€k	2023	2022
Gross investments		
thereof due in up to 1 year	403	403
thereof due in 1 to 5 years	1,738	1,696
thereof due in more than 5 years	1,429	1,875
Unearned finance income	-315	-393
Net investments	3,255	3,581
Accumulated impairment	0	0
Carrying amount of finance lease receivables	**3,255**	**3,581**

46. Cash flow statement

The presentation of cash flow was changed in the 2023 fiscal year. Interest payments are now reclassified from cash flow from operating activities to cash flow from financing activities. The changes are described in more detail in section 2.1 Explanation of significant accounting policies / changes in the presentation of the cash flow statement.

Net income from operating activities in the 2023 fiscal year includes interest received in the amount of € 3,124k (previous year: € 1,168k). Payments in the 2023 fiscal year for taxes on income amounted to € 76,808k (previous year: € 59,653k) and payments received for taxes on income amounted to € 16,728k (previous year: € 4,543k).

In the 2023 fiscal year, the contingent purchase price liability from the acquisition of IONOS Cloud GmbH was settled in the amount of € 4,416k. In the previous year, the change in proceeds from the sale of associated companies in the fiscal year resulted from proceeds from the sale of the 49% stake in the associated company Intellectual Property Management Company Inc. based in Dover, Delaware, USA.

Cash flow from financing activities in the reporting year is mainly characterized by the raising of a new bank loan in the amount of € 800m as of December 15, 2023, which was used in full to partially repay the loan from United Internet AG, as well as further repayments of the loan from United Internet AG (€ 95,000k; previous year: € 70,000k). The interest payments of € 94,604k (previous year: € 90,701k) mainly relate to loans and include payments of € 4,359k in the 2023 fiscal year from a correction to the calculation of interest on the loan from United Internet AG from previous years. In the previous year, additional payments were made to minority shareholders for the increase in shares in InterNet X Holding GmbH (€ 15,182k).

Changes in cash pool receivables from related parties are allocated to the investment area due to their nature.

Reconciliation of the change in financial liabilities recognized in the balance sheet:

			Cash-effective changes		Non-cash changes		
€k	Jan. 1, 2023	Reception	Redemption	Interest payments	Changes	Interest	Dec. 31, 2023
Loans from banks	0	800,000	0	-3,605	66	1,125	797,586
Vendor loan	819,000	0	0	-11,206	-814,732	6,938	0
Loans STRATO/World4You	426,000	0	0	-5,559	-423,883	3,442	0
Summarised loan	0		-895,000	-69,954	1,245,000	69,954	350,000
Lease liabilities	129,068	0	-14,920	-4,280	10,462	4,280	124,610
Other financial liabilities	0	0	0	0	0	0	0
Total	**1,374,068**	**800,000**	**-909,920**	**-94,604**	**16,913**	**85,739**	**1,272,196**

				Cash-effective changes			Non-cash changes
€k	Jan. 1, 2022	Reception	Redemption	Interest payments	Changes	Interest	Dec. 31, 2022
Vendor loan	889,000	0	-70,000	-59,303	0	59,303	819,000
Loans STRATO/World4You	426,000	0	0	-27,823	0	27,823	426,000
Lease liabilities	92,526	0	-12,356	-3,575	48,898	3,575	129,068
Other financial liabilities	0	302	-302	0	0	0	0
Total	**1,407,526**	**302**	**-82,658**	**-90,701**	**48,898**	**90,701**	**1,374,068**

47. Exemption pursuant to section 264 (3) and section 264b German Commercial Code (HGB)

The following subsidiaries of IONOS Group SE make use of exemptions in accordance with Section 264 (3) HGB:

- IONOS Holding SE, Montabaur
- IONOS SE, Montabaur
- IONOS Service GmbH, Montabaur
- STRATO AG, Berlin
- STRATO Customer Service GmbH, Berlin
- Cronon GmbH, Berlin
- we22 GmbH, Cologne
- we22 Solutions GmbH, Berlin
- CM4all GmbH, Cologne

48. Subsequent events

After the balance sheet date of December 31, 2023, no further events of particular significance occurred in the Group that would have a major impact on the net assets, financial position and results of operations of the company or the Group with an effect on accounting and reporting.

49. Auditor's fees

In the 2023 fiscal year, auditor's fees totaling € 2,308k were charged in the consolidated financial statements. Of this amount, € 1,720k relates to auditing services and € 588k to other assurance services. These mainly comprise assurance services for the IPO of IONOS Group SE and an attestation for the C5 criteria catalog for secure cloud computing required by the German Federal Office for Information Security.

50. Corporate governance codex

The declaration in accordance with Section 161 AktG on compliance with the German Corporate Governance Code was issued by the Management Board and the Supervisory Board and is available to the shareholders of IONOS Group SE (www.ionos-group.com).

Montabaur, March 18, 2024

Achim Weiß   Britta Schmidt   Dr. Jens Reich

Development of intangible assets and property, plant and equipment 2023

		Acquisition and production cost							Accumulated amortization, depreciation and impairment					Carrying amounts	
		Jan. 1, 2023	Additions	Disposals	Reclassi-fications	Additions from acquisitions	Exchange rate differences	Dec. 31, 2023	Jan. 1, 2023	Additions	Disposals	Exchange rate differences	Dec. 31, 2023	Dec. 31, 2023	Dec. 31, 2022
		€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
I.	**Intangible assets**														
1.	Software/licenses	94,557	3,615	17,321	23	0	361	81,235	80,153	6,444	17,321	306	69,582	11,653	14,404
2.	Trademarks	52,474	0	4	0	0	898	53,368	2,742	0	4	0	2,738	50,630	49,732
3.	Customer base	302,158	16	1	0	0	2,466	304,639	195,304	18,158	1	1,938	215,399	89,240	106,854
4.	Goodwill	877,616	0	0	0	0	6,145	883,761	56,772		0	718	57,490	826,271	820,844
5.	Internally generated intangible assets	4,901	1,724	0	0	0	413	7,038	1,217	537	0	146	1,900	5,138	3,684
6.	Other intangible assets	3,224	1,979	60	0	0	-32	5,111	1,792	18	60	-27	1,723	3,388	1,432
7.	Payments on account	2,720	1,428	0	-23	0	0	4,125	0	0	0	0	0	4,125	2,720
Total (I)		**1,337,650**	**8,762**	**17,386**	**0**	**0**	**10,251**	**1,339,277**	**337,980**	**25,157**	**17,386**	**3,081**	**348,832**	**990,445**	**999,670**
II.	**Property, plant and equipment**								0						0
1.	Land and buildings	25,028	64	0	177	0	326	25,595	7,425	857	0	2	8,284	17,311	17,603
2.	Operating and office equipment	532,830	67,210	94,121	3,235	0	-1,777	507,377	350,576	66,107	92,710	-1,687	322,286	185,091	182,254
3.	Payments on account	3,021	5,639	0	-3,412	0	-36	5,212	126	27	0	0	153	5,059	2,895
4.	Right-of-use assets	165,335	11,805	3,009	0	0	10	174,141	45,801	15,760	1,667	47	59,941	114,200	119,534
Total (II)		**726,214**	**84,718**	**97,130**	**0**	**0**	**-1,477**	**712,325**	**403,928**	**82,751**	**94,377**	**-1,638**	**390,664**	**321,661**	**322,286**
Sum total		**2,063,864**	**93,480**	**114,516**	**0**	**0**	**8,774**	**2,051,602**	**741,908**	**107,908**	**111,763**	**1,443**	**739,496**	**1,312,106**	**1,321,956**

Development of intangible assets and property, plant and equipment 2022

		Acquisition and production cost							Accumulated amortization, depreciation and impairment					Carrying amounts	
		Jan. 1, 2022	Additions	Disposals	Reclassifications	Additions from acquisitions	Exchange rate differences	Dec. 31, 2022	Jan. 1, 2022	Additions	Disposals	Exchange rate differences	Dec. 31, 2022	Dec. 31, 2022	Dec. 31, 2021
		€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
I.	**Intangible assets**														
1.	Software/licenses	122,885	3,461	33,280	1,520	0	-29	94,557	105,833	7,504	33,159	-25	80,153	14,404	17,052
2.	Trademarks	52,886	0	0	0	0	-412	52,474	2,468	274	0	0	2,742	49,732	50,418
3.	Customer base	303,536	0	46	0	0	-1,332	302,158	175,697	20,777	46	-1,124	195,304	106,854	127,839
4.	Goodwill	882,203	0	0	0	0	-4,587	877,616	56,942	0	0	-170	56,772	820,844	825,261
5.	Internally generated intangible assets	4,745	582	337	0	0	-89	4,901	1,043	390	195	-21	1,217	3,684	3,702
6.	Other intangible assets	3,522	11	355	0	0	46	3,224	2,110	0	355	37	1,792	1,432	1,412
7.	Payments on account	1,014	1,706	0	0	0	0	2,720	0	0	0	0	0	2,720	1,014
Total (I)		**1,370,791**	**5,760**	**34,018**	**1,520**	**0**	**-6,403**	**1,337,650**	**344,093**	**28,945**	**33,755**	**-1,303**	**337,980**	**999,670**	**1,026,698**
II.	**Property, plant and equipment**														
1.	Land and buildings	11,804	3,692	266	9,930	0	-132	25,028	6,853	857	282	-3	7,425	17,603	4,951
2.	Operating and office equipment	470,632	76,878	32,199	14,803	0	2,716	532,830	312,777	66,917	30,767	1,649	350,576	182,254	157,855
3.	Payments on account	19,346	10,732	139	-26,253	0	-665	3,021	54	72	0	0	126	2,895	19,292
4.	Right-of-use assets	122,825	52,807	10,446	0	0	149	165,335	33,141	15,541	2,955	74	45,801	119,534	89,684
Total (II)		**624,607**	**144,109**	**43,050**	**-1,520**	**0**	**2,068**	**726,214**	**352,825**	**83,387**	**34,004**	**1,720**	**403,928**	**322,286**	**271,782**
Sum total		**1,995,398**	**149,869**	**77,068**	**0**	**0**	**-4,335**	**2,063,864**	**696,918**	**112,332**	**67,759**	**417**	**741,908**	**1,321,956**	**1,298,480**

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 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 18, 2024

The Management Board

Achim Weiß | Britta Schmidt | Dr. Jens Reich

INDEPENDENT AUDITOR'S REPORT

To IONOS Group SE, 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 IONOS Group SE, Montabaur, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement 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 IONOS Group SE, 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 § 322 Abs. 3 Satz [sentence] 1 HGB, 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:

❶ Revenue recognition

❷ Recoverability of goodwill

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:

❶ **Revenue recognition**

① In the consolidated financial statements of IONOS Group SE, revenue of EUR 1,423.7 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 analysis. We also 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 audited customer invoices and the associated contracts as well as incoming payments on a sample 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.

③ The Company's disclosures relating to revenue recognition in the consolidated financial statements of IONOS Group SE are contained in the sections "2.1 Explanation of main accounting measurement policies", "3. Significant accounting judgments, estimates, and assumptions" and "5. Revenue from contracts with customers/segment reporting" of the notes to the consolidated financial statements.

❷ Recoverability of goodwill

① Goodwill amounting in total to EUR 826.3 million (51.76% of total assets) is reported in the IONOS Group SE's consolidated financial statements. The Company tests goodwill for impairment once annually or when there are indications of impairment. The impairment test is carried out at the level of the respective cash-generating units to which the goodwill is 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. 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 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 test determined that no write-downs were necessary. 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 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 respective discount rates applied and the respective underlying growth rates can have a material impact on the values of the entities calculated in this way, we focused our testing in particular on the parameters used to determine the respective discount rate and the respective underlying growth rates applied, and assessed the respective 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 unit including the allocated goodwill.
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 are contained in the sections "2.1 Explanation of main accounting measurement policies", "3. Significant accounting judgments, estimates, and assumptions" and "29. Goodwill and impairment of goodwill and intangible assets with indefinite useful lives" 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 the sections "2.2 Business development" and "4. 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 the section "6. Declaration on company management" of the group management report.

The other information comprises further

- the separate non-financial group report to comply with §§ 315b bis 315c HGB

- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible

- 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

IONOS_Group_SE_KA+ZLB_ESEF-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 31 December 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: Requirements for Quality Management in the Audit Firm (IDW QMS 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 15 May 2023. We were engaged by the supervisory board on 15 November 2023. We have been the group auditor of the IONOS Group SE, 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 Christian David Simon.

Düsseldorf, 18 March 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Erik Hönig Wirtschaftsprüfer [German Public Auditor]	Christian David Simon Wirtschaftsprüfer [German Public Auditor]

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