Financial Statements 2023

Management Report for the Group and parent company

Annual financial statements of the parent company acc. to HGB

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

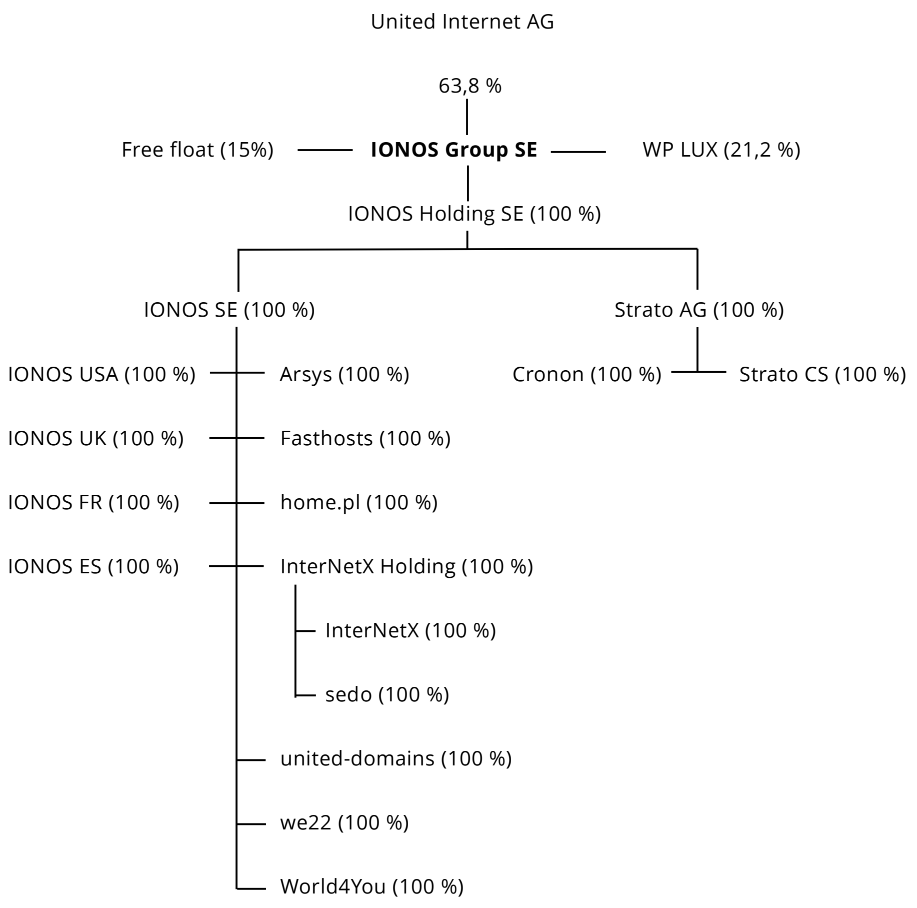
Group structure

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

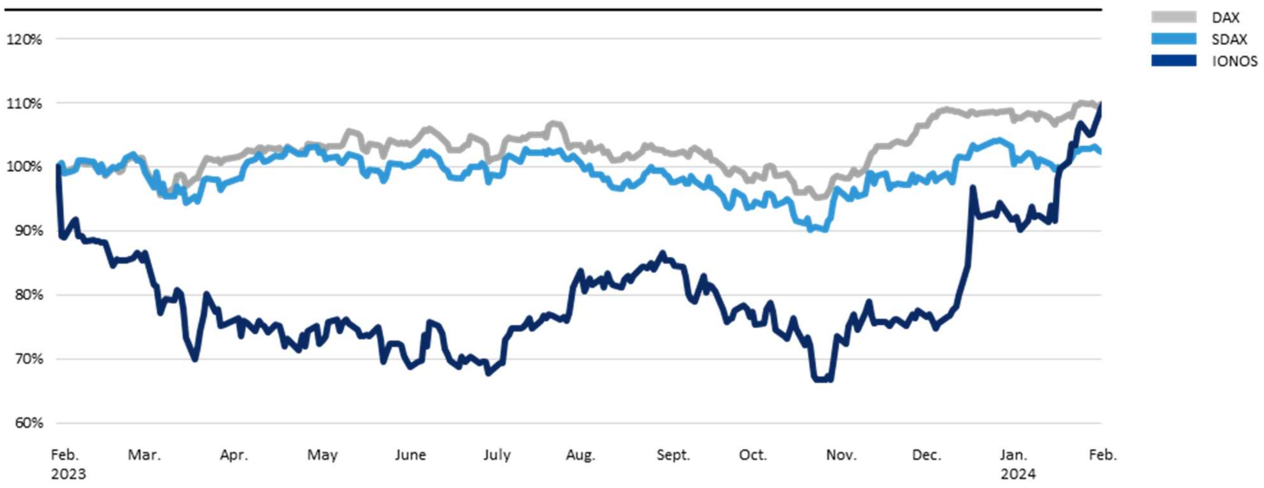
After the IPO, the share price initially decreased compared to the issue price of € 18.50 and reached its lowest closing price of € 12.34 on October 25, 2023. However, the share price subsequently recovered and, at € 17.46 on December 31, 2023, was only slightly below the issue price (-5.6 %). This means 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.

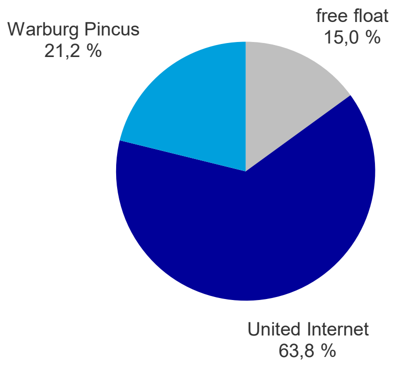
With effect from September 18, 2023, the IONOS Group SE share has made the leap into the SDAX selection index.

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.

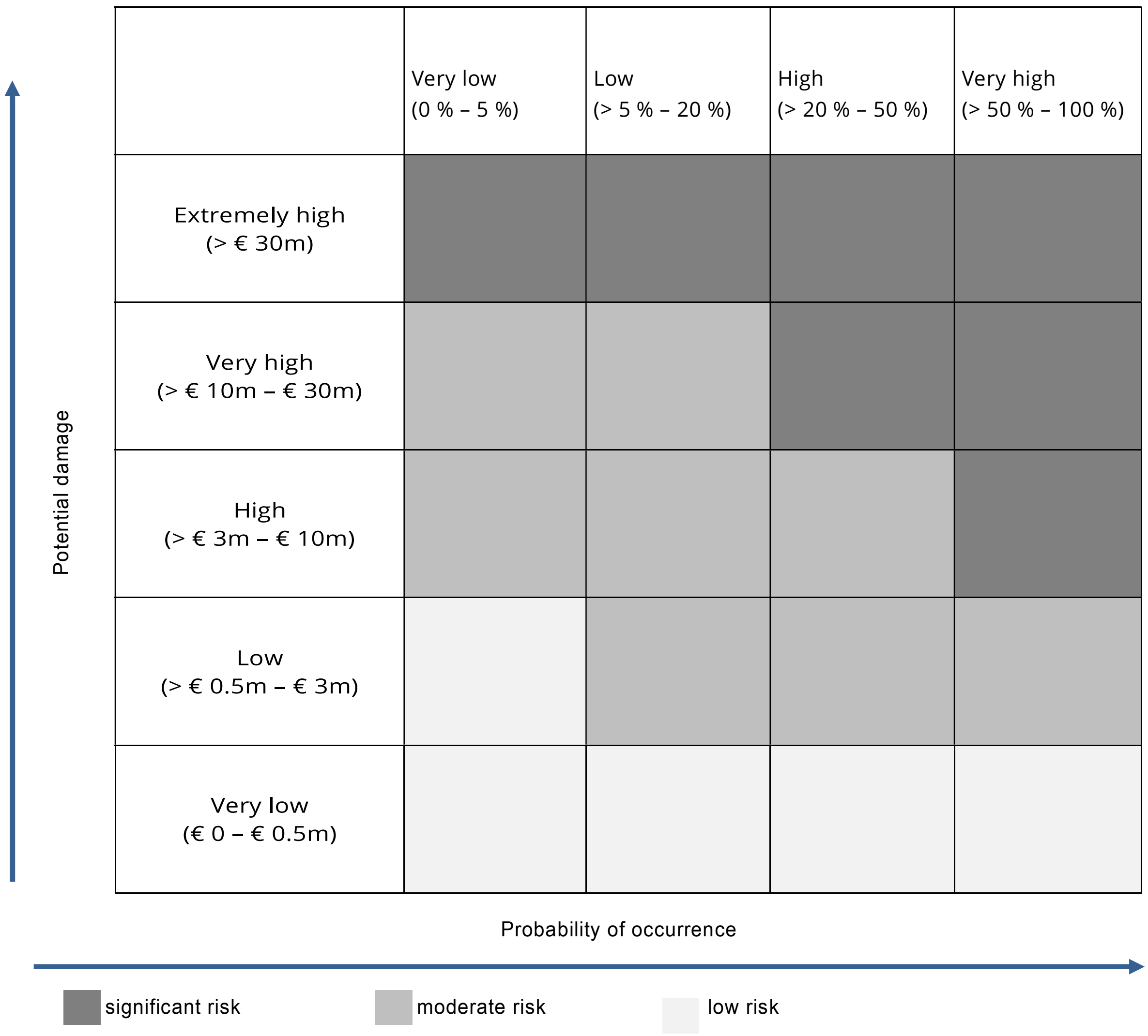
The status of material risks is communicated to the Management Board and Supervisory Board four times a year in the form of a report. An internal ad hoc reporting obligation is triggered in the event of identified, sudden material risks or a significant change in risk. The risk is then reported immediately 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 Dommermuth	**René Obermann**	**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
Professional suitability	If applicable E-Com, Tech, Internet, Cloud; specialist knowledge and experience in the Internet industry, Digitization applications, e-commerce applications	✓	✓	✓	✓	✓	✓
	Knowledge of cloud applications and the associated 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, Montabaur
Balance Sheet as of December 31, 2023

Assets		31.12.2023 EUR	31.12.2022 EUR
A. Fixed Assets			
I. Property Plant and Equipment			
Other equipment, operating and office equipment	1,215.00		0.00
		1,215.00	0.00
II. Financial Assets			
1. Shares in affiliated companies	156,060,001.00		156,060,001.00
2. Loans to affiliated companies	364,100,000.00		364,100,000.00
		520,160,001.00	
		520,161,216.00	520,160,001.00
B. Current Assets			
I. Receivables and other Assets			
1. Receivables from affiliated companies	8,465,524.63		4,742,023.81
2. Other Assets	2,411,661.50		187,030.98
		10,877,186.13	4,929,054.79
		10,877,186.13	4,929,054.79
C. Prepaid Expenses and Deferred Charges		16,220.43	0.00
		531,054,622.56	525,089,055.79

Equity and Liabilities		31.12.2023 EUR	31.12.2022 EUR
A. Equity			
I. Subscribed capital (conditional capital: EUR 20,000,000)		140,000,000.00	360,001.00
II. Capital Reserve		383,511,753.59	523,151,752.59
III. Accumulated deficit		-7,608,583.11	-13,013,403.06
		515,903,170.48	510,498,350.53
B. Povisions			
1. Tax Provision	0.00		1,330,152.79
2. Other Provisions	9,608,659.54		3,541,104.53
		9,608,659.54	4,871,257.32
C. Liabilities			
1. Trade Payables	57,669.24		204,431.17
2. Liabilities to affiliated companies	437,157.19		5,874,962.70
3. Other Liabilities of which from Taxes EUR 5,043,670.08 (prior year: EUR 3,636,584.02)	5,047,966.11		3,640,054.07
		5,542,792.54	9,719,447.94
		531,054,622.56	525,089,055.79

IONOS Group SE, Montabaur
Profit and Loss Statement for the Period from January 1 to December 31, 2023

	2023 EUR	2022 EUR
1. Revenues	3,242,919.34	884,753.41
2. Other operating income of which from currency conversion EUR 1,443.16 (prior year: EUR 3,232.17)	34,916,525.35	218,350.47
3. Cost of material: Expenses for purchased services	-310.59	0.00
4. Personnel expenses		
a) Salary and wages	-10,072,169.02	-523,186.15
b) Social security contributions and expenses for pensions and other employee benefits	-12,661.47	-1,677.40
5. Amortization of intangible assets and depreciation of property, plant and equipment	-110.00	0.00
6. Other operating expenses of which from currency conversion EUR -1.96 (prior year: EUR -46.51)	-18,858,026.33	-9,555,773.80
7. Income from loans of financial assets of which from affiliated companies EUR 36,915.70 (prior year: EUR 36,955.00)	36,915.70	36,955.00
8. Interests and similar expenses of which to affiliated companies EUR -228,670.06 (prior year: EUR -39,821.55)	-3,833,420.06	-39,835.93
9. Income taxes	-14,518.97	0.00
10. Earnings after taxes	5,405,143.95	-8,980,414.40
11. Other taxes	-324.00	0.00
12. Net Income (prior year: Net Loss)	**5,404,819.95**	**-8,980,414.40**
13. Loss carried forward	-13,013,403.06	-4,032,988.66
14. Accumulated loss	**-7,608,583.11**	**-13,013,403.06**

IONOS Group SE, Montabaur
HRB 25386

Notes for the Fiscal Year 2023

1 General Information on the Annual Financial Statement

The annual financial statements of IONOS Group SE for the 2023 fiscal year were prepared in accordance with Article 61 of the SE Regulation in accordance with the statutory provisions of Sections 242 et seq. and 264 et seq. HGB and the relevant provisions of the German AktG.

The income statement was prepared using the nature of expense method in accordance with Section 275 (2) HGB.

The company is a listed corporation within the meaning of Section 267 (3) sentence 2 HGB in conjunction with Section 264d HGB.

The fiscal year is the calendar year.

In order to improve the clarity of presentation, the disclosures on the affiliation to other items and, in some cases, notes thereto have been made in these notes.

A cash pooling agreement has been in place between IONOS Group SE and IONOS Holding SE since June 2022. IONOS Holding SE is in turn included in the cash pooling of United Internet AG.

IONOS Group SE has its registered office in Montabaur. It is entered in the commercial register of the local court of Montabaur under HR B 25386. The company operates purely as a holding company.

The company concluded a control agreement with IONOS Holding SE, Montabaur, dated November 24, 2022.

On January 27, 2023, United Internet AG and Warburg Pincus announced in an ad hoc announcement that they had set 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). The shares of IONOS Group SE were offered in a price range of € 18.50 to € 22.50. United Internet and Warburg Pincus each offered 15% of their shares (i.e. a total of 21,000,000 no-par value registered shares), corresponding to 15,771,000 no-par value registered shares held by United Internet and 5,229,000 no-par value registered shares held by Warburg Pincus. Up to 3,150,000 further no-par value registered shares from the holdings of United Internet and Warburg Pincus could be offered to cap possible over-allotments (greenshoe). On February 7, 2023, United Internet and Warburg Pincus announced in an ad hoc announcement that they have set the final placement price for the shares of IONOS Group SE at € 18.50 per share.

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 does not hold any treasury shares.

2 Accounting and Valuation Methods

The annual financial statements were prepared on the basis of the following accounting and valuation methods, which are unchanged from the previous year.

2.1 Property, Plant and Equipment

In principle, all property, plant and equipment is depreciated over its expected useful life. If the fair value of individual fixed assets falls below their carrying amount, additional impairment losses are recognized if the impairment is expected to be permanent. If the reasons for the impairment loss no longer apply in part or in full in subsequent years, the impairment loss is reversed in the amount of the reversal of the impairment loss, but at most up to the value that would have resulted if the impairment loss had not been recognized.

The depreciation methods and useful lives applied are shown in the following overview:

Property, plant and equipment	Method of Depreciation / Useful Life
„Other equipment, factory and office equipment“	
▪ Office equiment	Linear 3 – 15 Years

2.2 Financial Assets

Shares in affiliated companies are recognized at the lower of cost or fair value. Loans are generally recognized at nominal value. If financial assets are expected to be permanently impaired, they are written down to the lower fair value in accordance with the modified lower of cost or market principle.

2.3 Receivables and Other Assets

Receivables and other assets are generally recognized at their nominal value. Recognizable risks are taken into account through individual or general value adjustments.

2.4 Prepaid Expenses and Deferred Charges

Prepaid expenses are recognized as an expense over the term of the service.

2.5 Provisions

Appropriate provisions are recognized for uncertain liabilities and risks from impending losses on the basis of prudent business judgment in the amount required to settle them (i.e. including future cost and price increases).

Provisions with a remaining term of more than one year are discounted at the average market interest rate of the past seven fiscal years corresponding to their remaining term.

The employee participation program of IONOS Group SE is recognized as of the balance sheet date in the amount of the pro rata fair value of the obligation. The obligations are re-measured at each balance sheet date from the time they are granted until they are settled. The fair value is determined using recognized financial models. The fair value is recognized pro rata temporis as personnel expenses over the vesting period.

2.6 Liabilities

Liabilities are recognized at their settlement amount.

2.7 Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are generally translated at the mean spot exchange rate on the reporting date. If the remaining term is more than one year, the realization principle (section 252 (1) no. 4 sentence 2 HGB) and the acquisition cost principle (section 253 (1) sentence 1 HGB) are observed.

The thereof notes to the income and expenses from currency translation shown in the income statement include both realized and unrealized exchange rate differences.

2.8 Current and Deferred Taxes

Income 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 applicable on the balance sheet date.

Deferred taxes

For the determination of deferred taxes due to temporary or quasi-permanent differences between the carrying amounts of assets, liabilities and prepaid expenses and deferred income under commercial law and their tax carrying amounts or due to tax loss carryforwards, these are measured at the company-specific tax rates at the time of the reduction of the differences and the amounts of the resulting tax burden and tax relief are not discounted.

Deferred tax surpluses are not capitalized in exercise of the recognition option available for this purpose, as an overall difference analysis was carried out.

Any deferred tax assets are mainly based on valuation differences relating to personnel provisions and tax loss carryforwards. Any deferred tax liabilities result from the formation of tax reserves. They are valued at the applicable tax rate of 31.11%.

Value added tax

The company is entitled to deduct value added tax on expenses and assets in accordance with Section 15 UStG. IONOS Group SE has been the parent company of the IONOS Group for VAT purposes since 2022.

2.9 Global Minimum Taxation

The regulations on global minimum taxation (introduction of a minimum tax law) have been applicable to the United Internet Group, in whose consolidated financial statements IONOS Group SE is included, since January 1, 2024. The comprehensive analysis based on the qualified CbCR data for the current and the three previous fiscal years and the forecasts for future fiscal years shows that Romania could qualify as a low-tax country 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. For the purposes of the MinStG, IONOS Group SE is a partially owned parent company and therefore potentially bears part of the minimum tax burden alongside the parent company (UI AG) (Section 3 (6) MinStG).

3. Notes to the Balance Sheet

3.1 Development of fixed assets

The disclosures required by Section 284 (3) HGB on the development of the individual fixed asset items are presented separately in the statement of changes in fixed assets as Appendix 1 to the Notes, showing additions, disposals, transfers and write-ups as well as depreciation and amortization in the fiscal year.

3.2 Financial Assets

The company's financial assets amounted to € 520,160k as at the balance sheet date (previous year: € 520,160k).

As in the previous year, IONOS Group SE held shares in the affiliated company IONOS Holding SE in the amount of € 156,060k (previous year: € 156,060k) as at the balance sheet date. These shares are recognized at cost.

As at the balance sheet date, the loan to IONOS Holding SE amounted to € 364,100k (previous year: € 364,100k).

Disposals in the 2023 fiscal year amounted to € 0k (previous year: € 1,700k). Depreciation and accumulated amortization amounted to € 0, as in the previous year.

The disclosures required by Section 284 (3) HGB on the development of the individual fixed asset items are presented separately in the statement of changes in fixed assets as Appendix 1 to the Notes, showing additions, disposals, transfers and write-ups as well as depreciation and amortization in the fiscal year.

The disclosures on shareholdings required by Section 285 No. 11 and No. 11 b HGB are presented separately as Appendix 2 to the Notes.

3.3 Receivables and Other Assets

Receivables from affiliated companies amounting to € 8,465k (previous year: € 4,742k) mainly relate to receivables from IONOS SE (€ 2,795k) and STRATO AG (€ 2,368k). These mainly include receivables from the VAT group. On the other hand, receivables from affiliated companies include income of € 6,984k from internal cost allocation with IONOS Holding SE, which was mainly offset against liabilities from the cash pool in the amount of € 3,639k.

Receivables and liabilities are shown net for each company, insofar as a netting situation pursuant to Section 387 et seq. BGB is given.

Other assets amounting to € 2,412k (previous year: € 187k) mainly include receivables from the pro rata on-charging of IPO costs to WP XII Venture Holdings II SCSP amounting to € 2,238k (previous year: € 0k) and receivables from corporation tax prepayments for the current fiscal year amounting to € 173k (previous year: € 187k). In the previous year, other assets mainly comprised receivables from capital gains tax and solidarity surcharge.

As in the previous year, receivables from affiliated companies and other assets have a remaining term of up to one year.

3.4 Prepaid Expenses and Deferred Charges

Prepaid expenses of € 16k (previous year: € 0k) mainly include software fees already paid for future periods.

3.5 Share capital and shares

The share capital of the company was increased by €139,640k from € 360k upon registration on February 1, 2023, and amounted to € 140,000k by December 31, 2023 (previous year: € 360k).

The share capital consists of 140 million shares (previous year: 360,000 shares including one preference share). The preference share of IONOS Group SE was converted into a common share. The shares of IONOS Group SE have been listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard) under the ISIN: DE000A3E00M1, WKN: A3E00M, Ticker Symbol: IOS since February 8, 2023. Following the IPO of IONOS Group SE, United Internet AG holds 63.8% and Warburg Pincus holds 21.2% of the shares. Another 15.0% is in free float. These are no-par value shares with a nominal value of €1 per share based on the share capital.

In accordance with the resolution of January 26, 2023, a capital increase of €139,640k was carried out from retained earnings through the issuance of 139,639,999 new shares. The commercial registration of the capital increase from retained earnings took place on February 1, 2023.

As of December 31, 2023, there are shareholdings in the capital by United Internet AG (according to the notification of voting rights on February 9, 2023: 89,369,097 shares or 63.8% of the share capital) and Warburg Pincus LLC (according to the notification of voting rights on February 9, 2023: 29,630,903 shares or 21.2% of the share capital). There are no other reportable shareholdings in the capital to the knowledge of the board.

The share capital has been fully paid up.

3.5.1 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 until August 31, 2026, with the approval of the supervisory board, either once or in partial amounts, by a total of up to € 56,000,000 through the issuance of new registered shares against cash and/or non-cash contributions. The management board was also authorized to decide on the exclusion of subscription rights of the shareholders in this regard.

3.5.2 Conditional Capital

By resolution of the general meeting on May 15, 2023, the share capital of IONOS Group SE was conditionally increased by up to € 20,000,000 (Conditional Capital 2023), divided into up to 20,000,000 registered shares. The conditional capital increase will only be carried out to the extent that the holders or creditors of options or conversion rights or those obliged to convert from issued options or convertible bonds, issued or guaranteed by IONOS Group SE or a subsidiary of IONOS Group SE based on the authorization granted by the board of directors through the general meeting's resolution on May 15, 2023 until August 31, 2026, exercise their options or conversion rights or fulfill their obligation to convert, or, if IONOS Group SE exercises a choice, to grant shares of IONOS Group SE in whole or in part instead of paying the due amount, unless a cash settlement is granted or its own shares or shares of another listed company are used to fulfill the obligation. The new shares will be issued at the option or conversion price determined in accordance with the above authorization resolution. The new shares will participate in profits from the beginning of the fiscal year in which they are created; to the extent legally permissible, the board of directors, with the approval of the supervisory board, may also determine the profit participation of new shares for a past fiscal year. The board of directors is authorized, with the approval of the supervisory board, to determine the further details of the implementation of the conditional capital increase.

3.6 Capital Reserve

The capital reserve decreased to € 383,512k as of the balance sheet date due to the capital increase from retained earnings of € 139,640k (previous year: € 523,152k).

3.7 Balance Loss

The net income for the fiscal year 2023 amounts to € 5,405k (previous year: € 8,980k (net loss)). Together with the loss carryforward from the previous year of € 13,013k, this results in a balance loss of € 7,609k (previous year: € 13,013k).

3.8 Tax Provision and Other Provisions

As of the balance sheet date, IONOS Group SE reports tax provisions of € 0k (previous year: € 1,330k). In the previous year, these provisions solely pertained to the sales tax risk that input taxes on consulting expenses related to the IPO were not deductible in the input tax return. In the fiscal year 2023, the provision was fully utilized.

The other provisions are allocated as follows:

	Dec. 31, 2023	Dec. 31, 2022
	€k	€k
Other Personal Provisions	7,779	0
Bonuses	850	400
Financial Statement and Audit costs	697	323
Supervisory Board renumerations	177	0
Vacation entitlements	72	13
Legal and Consulting costs	26	2,805
Miscellaneous	8	0
	9,609	3,541

The item "other employee provisions" primarily includes provisions for stock-based compensation:

- Long Term Incentive Plan (€ 4.408k),
- Stock Appreciation Rights (€ 3.301k).

The provision for LTIP was transferred from IONOS Holding SE to the reporting company in fiscal year 2023 on a revenue-neutral basis (€ 19,980k). € 4,570k was paid out to two executive board members due to the successful IPO, € 15,410k was released to the income statement in 2023, and € 4,408k was allocated to the new LTIP program.

The new executive compensation package includes a long-term, stock-based compensation in the form of a virtual Stock Appreciation Rights Plan (SAR Plan 2023), under which virtual Stock Appreciation Rights (SARs) are granted. As of the balance sheet date, € 3,301k was recognized in the income statement.

The provision for legal and consulting costs amounting to € 26k (previous year: € 2,805k) primarily included costs related to the IPO in the previous year.

The other provisions have a remaining term of up to five years.

3.9 Liabilities

The following breakdown provides information on the composition and remaining term of the liabilities:

	Remaining term			Remaining term		
Type of the Liability der Verbindlichkeit	Dec. 31, 2013 Total €k	Up to one year €k	More than one year €k	Dec. 31, 2022 Total €k	Up to one year €k	More than one year €k
Trade Payables	58	58	0	204	204	0
Liabilities to affiliated companies	437	437	0	5,875	5,875	0
of which to Shareholders	*0*	*0*	*0*	*31*	*31*	*0*
Other Liabilities	5,048	5,048	0	3,640	3,640	0

There are, as in the previous year, no liabilities with a remaining term of over five years.

Accounts payable for goods and services amount to € 58k (previous year: € 204k) and mainly include liabilities related to consulting costs.

Liabilities to affiliated companies amount to € 437k (previous year: € 5,875k) and primarily include liabilities from VAT consolidations of € 403k (previous year: € 533k).

Claims and liabilities are netted out per company, as far as a right of set-off exists according to Section 387 et seq. of the German Civil Code.

Other liabilities amount to € 5,048k (previous year: € 3,640k) and mainly include VAT liabilities of € 4,982k (previous year: € 3,593k).

All liabilities are unsecured.

4. Notes to the Profit and Loss Statement

4.1 Revenues

In the 2023 fiscal year, IONOS Group SE reported revenue of € 3,243k (previous year: € 885k). All of the revenue was generated in Germany.

Revenue with affiliated companies in the amount of € 3,242k (previous year: € 885k) resulted from internal cost allocation. The costs of the Management Board members are primarily passed on to IONOS Holding SE.

The company reports external revenue from the rental of underground parking spaces in the amount of € 311 (previous year: € 44.45).

4.2 Other Operating Income

Other operating income breaks down as follows:

(all amounts in €k)	Jan. 1 to Dec. 31, 2023	Jan, 1 to Dec. 31.2022
Other operating income	**34,917**	**218**
of which from the reversal of provisions	15,997	44
of which income relating to other periods	11,949	0
of which income from recharging IPO expenses	6,002	0
of which from internal recharges / recalculations	960	34
of which currency translation	1	3
of which reimbursement of real estate transfer tax	0	123
of which others	8	14

The item income from the reversal of provisions mainly includes income from the measurement of the LTIP provision in the 2023 fiscal year in the amount of € 15,410k.

The item income relating to other periods mainly includes income from passing on the IPO costs of the previous year to the company's shareholders in the amount of € 11,868k (previous year: € 0k).

The income from passing on IPO costs to the company's shareholders relates to the current fiscal year 2023.

The income from intragroup recharges comprises recharges to other Group companies without surcharges.

4.3 Cost of Material

The cost of materials in the amount of € 311 relates to the rental of underground parking spaces (see item 4.1 Revenue).

4.4 Personnel Expenses

The company's personnel expenses amounted to € 10,085k in the reporting year (previous year: € 525k) and consisted of expenses for wages and salaries of € 10,072k (previous year: € 523k) and social security contributions of € 13k (previous year: € 2k).

Personnel expenses relate to the remuneration of the members of the Management Board of IONOS Group SE.

The company had no employees in the 2023 fiscal year or in the previous year.

4.5 Other Operating Expenses

Other operating expenses mainly include the following expenses:

(all amounts in €k)	Jan. 1 to Dec. 31, 2023	Jan, 1 to Dec. 31.2022
Other operating expenses	**18,858**	**9,556**
of which external work (internal)	7,967	313
of which legal and consulting cost	4,602	7,613
of which insurance, contributions	2,446	0
of which expenses relating to other periods	1,003	56
of which internal recharges / rebilling	959	34
of which costs for financial statements and auditing	843	1,413
of which advertising costs	505	22
of which other personnel expenses	209	1
of which travel expense and entertainment	138	0
of which repairs and maintenance	78	4
of which external work	66	39
of which company events	19	0
of which room costs	7	0
of which training and seminars	0	43
of which others	16	18

Internal external work includes expenses from internal cost allocation from other Group companies. Compared to the previous year, the increase in expenses from internal third-party work results from the offsetting of income against expenses in the amount of € 7,701k from LTP.

The legal and consulting costs of € 4,602k (previous year: € 7,613k) are mainly related to the company's IPO.

Expenses relating to other periods in the fiscal year mainly include IPO costs amounting to € 978k (previous year: € 0k).

Expenses from intra-Group recharges include recharges to other Group companies without surcharges.

In contrast to the previous year, the personnel expenses and repairs and maintenance items were not reported under the Other item, but were reported separately in the 2023 fiscal year.

4.6 Income from Loans of Financial Assets

Income from loans of financial assets in the amount of € 37k (previous year: € 37k) exclusively includes interest from the loan to IONOS Holding SE.
In contrast to the current fiscal year, income from loans of financial assets was reported in the previous year under the income statement item "Other interest and similar income". The previous year's figure has been adjusted for reasons of comparison.

4.7 Interests and similar Expenses

In the 2023 fiscal year, other interest and similar expenses of € 3,833k (previous year: € 40k) include fees of € 3,605k from IONOS Holding SE taking out a loan of € 800,000k with a banking syndicate and expenses of € 228k (previous year: € 40k) in connection with cash pooling with IONOS Holding SE. The fees from the syndicated loan were paid in full by the reporting company.

4.8 Income and Expenses relating to other Periods

In the reporting year, other operating income included income relating to other periods in the amount of € 27,946k (previous year: € 167k). This relates to prior-period income in the amount of € 11,949k (previous year: € 123k) and income from the reversal of provisions in the amount of € 15,997k (previous year: € 44k). In the 2023 fiscal year, the prior-period income item exclusively includes income from passing on the IPO costs of the previous year to the company's shareholders.

Other operating expenses include expenses relating to other periods in the amount of € 1,003k (previous year: € 56k). Expenses relating to other periods mainly include IPO costs amounting to € 978k (previous year: € 0k).

5 Other Notes

5.1 Cash-Pooling

IONOS Group SE has been connected to the Group's own cash pool of United Internet AG via IONOS Holding SE since June 2022.

There are agreements between certain companies of the United Internet AG, Montabaur, Group and Commerzbank AG, Frankfurt am Main, on the implementation of a cash pooling system in which the daily account balances are transferred to a liquidity account.

IONOS Holding SE is not jointly and severally liable for the credit line of United Internet AG or other Group companies.

5.2 Other Financial Obligations

As at the balance sheet date and in the previous year, there were no other financial obligations and no purchase commitments.

5.3 Board of Directors

The Management Board of IONOS Group SE consists of the following three members in the fiscal year and as of December 31, 2023:

- Achim Weiß (Chief Executive Officer, Professional Business Hosting, Chairman of the Board), Berlin
  No member of statutory supervisory boards or other supervisory bodies.

- Dr. Jens-Christian Reich (Chief Commercial Officer, Deputy Chairman of the Board / since 1. Juli 2023), Heidelberg
  No member of statutory supervisory boards or other supervisory bodies.

- Britta Schmidt (Chief Financial Officer), Munich
  No member of statutory supervisory boards or other supervisory bodies.

Total remuneration in accordance with Section 285 HGB for the members of the Management Board amounted to € 19,596k in the reporting year (previous year: € 525k).

Total remuneration in the 2023 reporting year includes fixed remuneration of € 1,404k (previous year: € 125k) and variable remuneration excluding share-based payments of € 908k (previous year: € 400k). The variable remuneration for the 2023 fiscal year had not yet been paid out as at December 31, 2023 and is included in a provision.

The remuneration package includes long-term, share-based remuneration in the form of a virtual stock appreciation rights plan (SAR plan 2023), under which virtual stock appreciation rights (SARs) are granted, as well as a replacement bonus for the existing LTIP.

In the 2023 fiscal year, 3,832,270 rights to share-based payment in the form of SARs with a market value of € 17,283k and 20,429 rights in the form of LTIPs with a market value of € 0k were granted to the members of the Management Board.

5.4 Supervisory Board

Since January 26, 2023, the company's Supervisory Board has consisted of the following six members:

- Ralph Dommermuth (Chairman of the Board)
  Entrepreneur and founder of United Internet AG, Montabaur
  Member of statutory supervisory boards or other supervisory bodies:
  - 1&1 Versatel GmbH, Dusseldorf
  - IONOS Holding SE, Montabaur
  - 1&1 Aktiengesellschaft, Montabaur (Chairman of the Board of Directors)
  - 1&1 Mail & Media Applications SE, Montabaur
  - 1&1 Telecommunication SE, Montabaur

- René Obermann (Deputy Chairman of the Board)
  Managing Director of Warburg Pincus Deutschland GmbH, Berlin
  Member of statutory supervisory boards or other supervisory bodies:
  - Airbus SE, Leiden, Netherlands (Member of the Board of Directors)

- Dr. Claudia Borgas-Herold (Supervisory Board Member)
  Entrepreneur, Kilchberg, Switzerland
  Member of statutory supervisory boards or other supervisory bodies:
  - IONOS Holding SE, Montabaur (until Aug. 2, 2023)
  - 1&1 Aktiengesellschaft, Montabaur (until May 16, 2023)

- Martin Mildner (Supervisory Board Member)
  CFO ProSiebenSat.1 Media SE, Hamburg

- Vanessa Stützle (Supervisory Board Member)
  Businesswoman, Dusseldorf
  Member of statutory supervisory boards or other supervisory bodies:
  - CEO LUQOM Group, Berlin

- Kurt Dobitsch (Supervisory Board Member)
  Entrepreneur, Markt Schwaben
  Member of statutory supervisory boards or other supervisory bodies:
  - 1&1 Mail & Media Applications SE, Montabaur (Chairman of the supervisory Board)
  - IONOS Group SE, Montabaur
  - IONOS Holding SE, Montabaur
  - Nemetschek SE, München (Chairman of the supervisory Board)
  - Bechtle AG, Gaildorf
  - Singhammer IT Consulting AG, Munich

As of December 31, 2022, the Supervisory Board of IONOS Group SE consisted of the following six members:

- Max Fowinkel (Chairman of the Board)

Managing Director of Investment Staff-Technology Media & Telecommunications, Berlin

- Issam Abedin (Deputy Chairman of the Board)
  Vice President, Warburg Pincus LLC, London, United Kingdom

- Markus Kadelke (Supervisory Board Member)
  Attorney, United Internet Corporate Services GmbH, Karlsruhe

- Lutz Laffers (Supervisory Board Member)
  Head of Corporate Financial Affairs, United Internet Corporate Services GmbH, Gückingen

- Markus Langer (Supervisory Board Member)
  Investmentmanager, United Internet Corporate Services GmbH, Hofheim am Taunus,

- Lysander Ammann (Supervisory Board Member)
  Head of Corporate Controlling, United Internet Corporate Services GmbH, Hirschberg an der Bergstraße

On January 26, 2023, Max Fowinkel, Issam Abedin, Lutz Laffers, Markus Kadelke, Markus Langer and Lysander Ammann resigned from the Supervisory Board and Ralph Dommermuth, René Obermann, Dr. Claudia Borgas-Herold, Martin Mildner, Vanessa Stützle and Kurt Dobitsch were appointed as new Supervisory Board members by the Annual General Meeting.

The members of the Supervisory Board will receive remuneration from the company for the first time in the 2023 fiscal year. Supervisory Board remuneration consists of fixed annual remuneration and attendance fees and amounted to € 177k in 2023. It also includes remuneration for work on the Audit and Risk Committee.

There are no subscription rights or other share-based payments for members of the Supervisory Board.

5.5 Related Party Transactions

No transactions were conducted with related companies or persons at non-standard market conditions in the fiscal year.

5.6 Notes on Employees

The company had no employees in the 2023 fiscal year or in the previous year.

5.7 Contingencies

Due to the integration of IONOS Group SE into the two-tier cash pooling system of the parent company United Internet AG, the offsetting of cash pooling liabilities of the United Internet Group companies against the parent company's credit balance results in a positive balance, meaning that there is no joint and several liability risk.

Beyond this, the Management Board is not aware of any facts which could have a material impact on the company's business activities, financial circumstances or business results.

5.8 Group Relationships

IONOS Group SE prepares consolidated financial statements for the smallest group of companies as of the balance sheet date.

The consolidated financial statements for the largest group of companies are prepared by United Internet AG, Montabaur.

Both consolidated financial statements are prepared in accordance with Section 315e HGB in accordance with International Financial Reporting Standards (IFRS) as adopted by European law. The consolidated financial statements are published in the Company Register and are also available on the websites of the Company Register, IONOS Group SE and United Internet AG.

5.9 Subsequent Events Report

No events of particular significance occurred at IONOS Group SE after the balance sheet date of December 31, 2023 that have a material impact on the company's net assets, financial position and results of operations with an effect on accounting and reporting.

5.10 Auditor's Fee

The total fee charged by the auditor for the fiscal year is not disclosed as it is included in the disclosures in the consolidated financial statements of IONOS Group SE. In addition to the audit of the financial statements, assurance services were mainly provided in connection with the IPO and the Cloud Compliance Criteria Catalogue (C5) of the German Federal Office for Information Security.

5.11 Declaration pursuant to Section 161 AktG

On December 19, 2023, the Management Board and Supervisory Board of IONOS Group SE issued the declaration required by Section 161 AktG and made it permanently available on the website at www.ionos-group.com.

IONOS Group SE

Montabaur, March 18, 2024

Achim Weiß Dr. Jens-Christian Reich Britta Schmidt

Development of Fixed Assets
as of December 31, 2023

		Acquisition and Production Costs					Accumulated Depreciation and Amortization					Book values	
		01.01.2023 EUR	Additions EUR	Disposals EUR	Transfer EUR	31.12.2023 EUR	01.01.2023 EUR	Additions EUR	Disposals EUR	Transfer EUR	31.12.2023 EUR	31.12.2023 EUR	31.12.2022 EUR
I.	**Fixed Assets**												
	Other equipment, operating and office equipment	0.00	1,325.00	0.00	0.00	1,325.00	0.00	110.00	0.00	0.00	110.00	1,215.00	0.00
		0.00	1,325.00	0.00	0.00	1,325.00	0.00	110.00	0.00	0.00	110.00	1,215.00	0.00
II.	**Financial Assets**												
1.	Shares in affiliated companies	156,060,001.00	0.00	0.00	0.00	156,060,001.00	0.00	0.00	0.00	0.00	0.00	156,060,001.00	156,060,001.00
2.	Loans to affiliated companies	364,100,000.00	0.00	0.00	0.00	364,100,000.00	0.00	0.00	0.00	0.00	0.00	364,100,000.00	364,100,000.00
		520,160,001.00	0.00	0.00	0.00	520,160,001.00	0.00	0.00	0.00	0.00	0.00	520,160,001.00	520,160,001.00
		520,160,001.00	**1,325.00**	**0.00**	**0.00**	**520,161,326.00**	**0.00**	**110.00**	**0.00**	**0.00**	**110.00**	**520,161,216.00**	**520,160,001.00**

IONOS Group SE, Montabaur

List of Shareholdings

	Share of Capital	Equity of the company as of 31.12.2023	Net Income / Net Loss 2023
	in %	k€	k€
Shares held directly			
IONOS Holding SE	100.00	680,267	183,120
Shares held indirectly			
1&1 Cardgate LLC, Philadelphia, Pennsylvania / USA	100.00	96	97
1&1 Internet Development SRL, Bukarest / Romania (6)	100.00	3,359	1,312
A1 Media USA LLC, Philadelphia, Pennsylvania / USA	100.00	255	5
Arsys Internet E.U.R.L., Perpignan / France	100.00	168	4
Arsys Internet S.L.U., Logroño / Spain	100.00	113,211	7,676
AZ.pl Sp. z o.o., Stettin / Poland	100.00	860	756
CM4all GmbH, Cologne	100.00	-2,630	-3,102
Content Management Support GmbH in Liquidation, Cologne (5)	100.00	0	0
Content Management Inc., Boston, Massachuetts / USA	100.00	-66	-201
Cronon GmbH, Berlin (14) (16)	100.00	157	0
Domain Robot Enterprises Inc., Vancouver / Canada (4)	100.00	0	0
DomCollect International GmbH, Montabaur (2) (10)	100.00	25	0
Fasthosts Internet Ltd., Gloucester / Great Britain	100.00	12,151	10,089
HBS Cloud Sp. z o.o., Stettin / Poland	100.00	16	3
home.pl S.A., Stettin / Poland	100.00	55,379	9,110
Immobilienverwaltung AB GmbH, Montabaur	100.00	442	42
InterNetX, Corp., Miami , Florida / USA (10)	100.00	166	62
InterNetX GmbH, Regensburg (2) (10)	100.00	4,469	0
InterNetX Holding GmbH, Regensburg	100.00	42,692	36,129
IONOS Cloud Holdings Ltd., Gloucester / Great Britain	100.00	73,483	1
IONOS Cloud Inc., Newark , New Jersey / USA	100.00	1,720	667
IONOS Cloud Ltd., Gloucester / Great Britain	100.00	5,478	2,909
IONOS Cloud S.L.U., Madrid / Spanien	100.00	4,450	1,590
IONOS Datacenter SAS, Niederlauterbach / France	100.00	2,146	-24
IONOS Inc., Philadelphia, Pennsylvania / USA	100.00	21,224	3,848
IONOS (Philippines), Inc., Cebu City / Philippines (7)	100.00	868	123
IONOS S.A.R.L., Saargemünd / France	100.00	1,911	1,801
IONOS SE, Montabaur (13)	100.00	390,319	0
IONOS Service GmbH, Montabaur (1)	100.00	240	0
PrivateName Services Inc., Richmond / Canada (4)	100.00	0	0
PSI-USA, Inc., Las Vegas, Nevada / USA (10)	100.00	796	218
Schlund Technologies GmbH, Regensburg (2) (10)	100.00	25	0
Sedo GmbH, Cologne (2) (10)	100.00	13,428	0
Sedo.cn Ltd., Shenzhen / VR China (10)	100.00	0	0
Sedo.com LLC, Cambridge, Massachusetts / USA (10)	100.00	19,661	5,660
STRATO AG, Berlin (13) (16)	100.00	9,695	0
STRATO Customer Service GmbH, Berlin (14) (15)	100.00	200	0
Tesys Internet S.L.U., Logroño / Spanien	100.00	2,547	324
United Domains Inc., Cambridge, Massachusetts / USA (5)	100.00	424	0
united-domains AG, Starnberg (1)	100.00	431	0
united-domains Reselling GmbH, Starnberg (3)	100.00	25	0
we22 GmbH, Cologne	100.00	3,621	23
we22 Solutions GmbH, Berlin	100.00	1,592	1,277
World4You Internet Services GmbH, Linz / Austria	100.00	2,849	2,314
premium.pl Sp. z o.o., Stettin / Poland (9)	75.00	583	55
DomainsBot S.r.l., Rom / Italy (10) (11)	49.00	1,037	383
Intellectual Property Management Company Inc., Dover, Delaware / USA (10)	49.00	0	0
Street Media GmbH, Berlin	28.70	19	-6
Stackable GmbH, Pinneberg (12)	27.54	1,340	-1,051
Worcester Six Management Company Ltd., Birmingham / Great Britain	< 20,00	-	-

(1) Profit transfer with IONOS SE, Montabaur
(2) Profit transfer with InterNetX Holding GmbH, Regensburg (direct/indirect)
(3) Profit transfer with united-domains AG, Starnberg
(4) No operating activities
(5) In liquidation
(6) United Internet Corporate Services GmbH (1,00%)
(7) Hüseyin Dogan (0,008%), Britta Schmidt (0,008%), Debra Sitoy (0,008%), Gelfa M. Lobitana (0,008%), Pierre Pauline M. Yrastorza (0,008%)
(9) Przemyslaw Pawel Bojczuk (25,00%)

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles, the Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company, and the Management Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Montabaur, March 18, 2024

The Management Board

Achim Weiß	Britta Schmidt	Dr. Jens-Christian Reich

INDEPENDENT AUDITOR'S REPORT

To IONOS Group SE, Montabaur

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of IONOS Group SE, Montabaur, which comprise the balance sheet as at 31 December 2023, and the statement of profit and loss for the financial year from 1 January to 31 December 2023 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of IONOS Group SE, which is combined with the group 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 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 annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023 in compliance with German Legally Required Accounting Principles and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the "Other information" section of our auditor's report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the 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 annual 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 Annual Financial Statements and of the Management Report" section of our auditor’s report. We are independent of the Company 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 annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual 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 annual 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 matter of most significance in our audit was as follows:

❶ Measurement of shares in affiliated companies and loans to these affiliated companies

Our presentation of this key audit matter has been structured as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matter:

❶ Measurement of shares in affiliated companies and loans to these affiliated companies

① In the annual financial statements of the Company shares in affiliated companies amounting to EUR 156.1 million are reported under the "Financial assets" balance sheet item. In addition, EUR 364.1 million in loans to these affiliated companies was also recognized. Together, the carrying amount of the total exposure amounts to EUR 520.2 million (97.95% of total assets).

Shares in affiliated companies and loans are measured in accordance with German commercial law at the lower of cost or fair value. The fair values are calculated using dividend discount methods as the present values of the financial surpluses according to the planning projections prepared by the executive directors. 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 capitalization rate calculated individually for the respective affiliated company. On the basis of the values determined and supplementary documentation, no write-downs were required for the financial year.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors of the future financial surpluses, and on the respective discount rates and rates of growth used. The valuation is therefore subject to material uncertainty. Against this background and due to the highly complex nature of the valuation and its material significance for the Company's net assets and results of operations, this matter was of particular significance in the context of our audit.

② As part of our audit, we evaluated the methodology employed by the Company for the purposes of the valuation of shares in affiliated companies and loans to those affiliated companies, among other things. In particular, we assessed whether the fair values of the material equity investments had been appropriately determined using the dividend discount method in compliance with the relevant measurement standards. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key value drivers underlying the expected financial surpluses. In the knowledge that even relatively small changes in the discount rate and the growth rates applied can have a material impact on values, we focused our testing in particular on the parameters used to determine the discount rate and growth rate applied, and assessed the calculation model. We concluded by assessing whether the values calculated in this way were properly compared against the corresponding carrying amounts, in order to ascertain any impairment losses or reversals of impairment losses.

Taking into consideration the information available, in our view the valuation parameters and underlying assumptions used by the executive directors are suitable overall for the purpose of appropriately measuring shares in affiliated companies and the loans to those affiliated companies.

③ The Company's disclosures relating to financial assets are contained in the section "Accounting policies" and the section "Balance sheet disclosures – Financial assets" of the notes to the financial statements, and in the annexes "1 – Changes in fixed assets" and "2 – Shareholdings" to the notes to the financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the section “1.4 Main focus areas for products and innovations” of the management report
- the disclosures marked as unaudited in the sections “2.2 Business development” and ”4. Internal control and risk management system” of the 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 management report

Our audit opinions on the annual financial statements and on the 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 annual financial statements, with the 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 Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual 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 annual financial statements, the executive directors are responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 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 management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the 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 annual financial statements and this 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 annual financial statements and of the 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 annual financial statements and of arrangements and measures (systems) relevant to the audit of the 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 of the Company.

- 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 Company'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 annual financial statements and in the 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 Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company’s position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the 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 annual 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 Annual Financial Statements and the 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 annual financial statements and the management report (hereinafter the “ESEF documents”) contained in the electronic file IONOS_Group_SE_JA+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 annual financial statements and the 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 annual financial statements and the 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 annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2023 contained in the “Report on the Audit of the Annual Financial Statements and on the 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 annual financial statements and the 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 “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 annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 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.

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 annual 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 annual financial statements and to the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as 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 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 annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the “Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the 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]

IONOS Group SE

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