

IONOS

Interim Statement 2023

SELECTED KEY FIGURES

| | March 31, 2023 | March 31, 2022 | Change |
|-------------------------------------|-------------------|-------------------|---------|
| NET INCOME (in €k) | | | |
| Revenue | 353,794 | 311,413 | 13.6% |
| EBITDA | 92,752 | 86,076 | 7.8% |
| Adjusted EBITDA | 86,205 | 91,797 | -6.1% |
| EBIT | 65,871 | 57,887 | 13.8% |
| Adjusted EBT ⁽¹⁾ | 44,302 | 35,538 | 24.7% |
| Adjusted EPS (in €) ⁽²⁾ | 0.32 | 0.26 | 23.1% |
| BALANCE SHEET (in €k) | | | |
| Current assets | 191,432 | 187,753 | 2.0% |
| Non-current assets | 1,361,146 | 1,332,545 | 2.1% |
| Equity | -117,011 | -209,881 | |
| Equity ratio | -7.5% | -13.8% | +6.3%-P |
| Balance sheet total | 1,552,578 | 1,520,297 | 2.1% |
| CASH FLOW (in €k) | | | |
| Operative cash flow | 39,607 | 52,710 | -24.9% |
| Cash flow from operating activities | 26,509 | 40,720 | -34.9% |
| Cash flow from investing activities | 16,980 | -24,916 | -168.1% |
| Free cash flow ⁽³⁾ | 7,209 | 16,320 | -55.8% |
| EMPLOYEES | | | |
| Headcount as of March 31 | 4,217 | 4,062 | 3.8% |
| thereof domestic | 2,295 | 2,247 | 2.1% |
| thereof foreign | 1,922 | 1,815 | 5.9% |
| SHARE (in €) | | | |
| Share price as of March 31 (Xetra) | 14.58 | n/a | |
| CUSTOMER BASE (in Mio.) | | | |
| thereof domestic | 3.15 | 3.12 | 0.03 |
| thereof foreign | 2.91 | 2.88 | 0.04 |

⁽¹⁾ EBT excluding non-cash valuation effects from the contingent purchase price liability (Q1 2023: +€ 26,418k; Q2 2022: -€ 1,585k)

⁽²⁾ EPS excluding non-cash valuation effects from the contingent purchase price liability (Q1 2023: +€ 0.29; Q1 2022: -€ 0,02).

For reasons of comparability, EPS was calculated for Q1 2022, as for Q1 2023, on the basis of the weighted average number of shares outstanding of 91,902 thousand. This average reflects the capital increase from € 360,001 to € 140,000,000 from company funds on February 1, 2023.

⁽³⁾ Free cash flow is defined as net cash provided by operating activities less capital expenditure on intangible assets and property, plant and equipment, plus cash inflows from disposals of intangible assets and property, plant and equipment; reported including the repayment portion of lease liabilities reported in cash flow from financing activities.

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Business development

Development of customer base in Q1 2023

| in Mio. | March 31, 2023 | December 31, 2022 | Change |
|------------------------|-------------------|----------------------|-------------|
| Total customers | 6.06 | 6.00 | 0.06 |
| thereof domestic | 3.15 | 3.12 | 0.03 |
| thereof foreign | 2.91 | 2.88 | 0.04 |

The **number of paying customers** increased by 63,000 contracts in the first quarter of 2023. This growth, supported in particular by our current TV campaigns at IONOS and STRATO, resulted from 26,000 customers in Germany and 37,000 customers abroad. This brought the total number of customers to 6.06 million.

Quarterly development: Change compared to prior-year quarters

| in €k | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q1 2022 | Change |
|-----------------|---------|---------|---------|---------|---------|--------|
| Revenue | 318,391 | 323,835 | 339,322 | 353,794 | 311,413 | 13.6% |
| EBITDA | 83,969 | 88,813 | 61,495 | 92,752 | 86,076 | 7.8% |
| Adjusted EBITDA | 89,700 | 94,257 | 69,892 | 86,205 | 91,797 | -6.1% |
| EBIT | 55,358 | 60,763 | 34,013 | 65,871 | 57,887 | 13.8% |

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

| in €k | Q1 2020 | Q1 2021 | Q1 2022 | Q1 2023 |
|------------------------|---------|---------|---------|---------|
| Revenue | 245,927 | 265,730 | 311,413 | 353,794 |
| EBITDA | 78,974 | 81,383 | 86,076 | 92,752 |
| EBITDA margin | 32.1% | 30.6% | 27.6% | 26.2% |
| Adjusted EBITDA | 80,974 | 87,600 | 91,797 | 86,205 |
| Adjusted EBITDA margin | 32.9% | 33.0% | 29.5% | 24.4% |
| EBIT | 51,608 | 53,709 | 57,887 | 65,871 |
| EBIT margin | 21.0% | 20.2% | 18.6% | 18.6% |

Quarterly development: Adjusted EBITDA

| in €k | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q1 2022 |
|--|---------|---------|---------|---------|---------|
| EBITDA | 83,969 | 88,813 | 61,495 | 92,752 | 86,076 |
| Adjustment for LTIP ⁽¹⁾ | 777 | 1,112 | 1,371 | 1,537 | 948 |
| Adjustment for stand-alone activities ⁽²⁾ | 3,471 | 3,508 | 2,172 | 2,518 | 3,897 |
| Adjustment for IPO costs ⁽³⁾ | 1,483 | 824 | 5,646 | -11,287 | 876 |
| Adjustments for consulting fees incurred for one-off projects ⁽⁴⁾ | 0 | 0 | 1,118 | 0 | 0 |
| Adjustment for the sale of shares ⁽⁵⁾ | 0 | 0 | -1,910 | 0 | 0 |
| Adjustment for severance payments ⁽⁶⁾ | 0 | 0 | 0 | 685 | 0 |
| Total adjustments | 5,731 | 5,444 | 8,397 | -6,547 | 5,721 |
| Adjusted EBITDA | 89,700 | 94,257 | 69,892 | 86,205 | 91,797 |

(1) Includes costs for employee stock ownership programs.

(2) Includes costs of preparing the spin-off from the United Internet Group and the establishment of IONOS Group SE as an independent group (primarily costs of the billing carve-out project (separation from billing systems of 1&1 Telecommunication SE)).

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

(4) Includes consulting fees incurred for one-off projects for e.g. reorganization measures.

(5) Includes gain on sale of the 49% equity instrument in Intellectual Property Management Company Inc, USA.

(6) Includes expenses related to reorganization and restructuring measures which primarily consist of severance payments and other personnel-related costs.

Multi-period overview: Adjusted EBITDA

| in €k | Q1 2021 | Q1 2022 | Q1 2023 |
|--|---------|---------|---------|
| EBITDA | 81,383 | 86,076 | 92,752 |
| Adjustment for LTIP ⁽¹⁾ | 3,441 | 948 | 1,537 |
| Adjustment for stand-alone activities ⁽²⁾ | 2,616 | 3,897 | 2,518 |
| Adjustment for IPO costs ⁽³⁾ | 0 | 876 | -11,287 |
| Adjustments for consulting fees incurred for one-off projects ⁽⁴⁾ | 160 | 0 | 0 |
| Adjustment for the sale of shares ⁽⁵⁾ | 0 | 0 | 0 |
| Adjustment for severance payments ⁽⁶⁾ | 0 | 0 | 685 |
| Total adjustments | 6,217 | 5,721 | -6,547 |
| Adjusted EBITDA | 87,600 | 91,797 | 86,205 |

(1) Includes costs for employee stock ownership programs.

(2) Includes costs of preparing the spin-off from the United Internet Group and the establishment of IONOS Group SE as an independent group (primarily costs of the billing carve-out project (separation from billing systems of 1&1 Telecommunication SE)).

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

(4) Includes consulting fees incurred for one-off projects for e.g. reorganization measures.

(5) Includes gain on sale of the 49% equity instrument in Intellectual Property Management Company Inc, USA.

(6) Includes expenses related to reorganization and restructuring measures which primarily consist of severance payments and other personnel-related costs.

In the first quarter of 2023, **sales** increased by +13.6% from € 311,413k in the previous year to € 353,794k. In addition to the further expansion of the aftermarket business, the increase in revenues is mainly due to the continued positive development of new customer business and higher revenues from cross-selling and upselling to existing customers, especially with email, domain and website builder products, but also with our cloud/VPS server offerings. Sedo's aftermarket business (domain trading platform and domain parking) contributed 9.8 percentage points to the overall revenue growth of +13.6%.

In total, sales from contracts with customers are divided into product revenues from the Web Presence & Productivity business field of € 307,074k (Q1 2022: € 267,924k; +14.6%) and from the Cloud business field of € 35,367k (Q1 2022: € 31,408k; +12.6%). Sales also include sales with related parties, i.e. with Group companies of the United Internet Group. These sales showed a slight decline (Q1 2023: € 11,353k; Q1 2022: € 12,081k; -6.0%), which is mainly due to lower electricity costs in purchasing and the resulting lower cost pass-through to other United Internet companies.

EBITDA developed positively in the first quarter of 2023 with an increase of € 6,676k to € 92,752k (+7.8%), due in particular to the recharging of costs incurred in previous and the current financial year in connection with the IPO of IONOS Group SE (+€ 14,630k), which was partially offset by higher marketing expenses.

Due to stronger sales growth, particularly in the lower-margin aftermarket business, the **EBITDA margin** decreased from 27.6% in the first quarter of the previous year to 26.2%.

Adjusted EBITDA decreased by -6.1% from € 91,797k to € 86,205k in the first quarter of 2023. This was due in particular to higher marketing expenses as a result of the different IONOS campaign planning (timing) for the 2023 financial year during the year, which was reflected in purchased advertising services in the amount of € 9,917k in Q1 2023.

The **adjusted EBITDA margin** decreased accordingly from 29.5% in the first quarter of the previous year to 24.4% in Q1 2023.

EBIT increased by 13.8% from € 57,887k to € 65,871k and thus developed in line with the increase in sales. In the first quarter of 2023, costs of € 9,917k were incurred for the additional marketing activities announced at IONOS to increase brand awareness in the key European markets and for performance marketing. EBIT was boosted by the recharging of costs incurred in connection with the IPO in the past fiscal years and in 2023 to the shareholders United Internet and Warburg Pincus in the amount of € 14,630k.

The **EBIT margin** was unchanged at 18.6%.

Position of the Group

There were no significant acquisition and divestment effects on Group sales and EBITDA in the first quarter of 2023. There were also only minor positive currency effects of € 1,606k on sales and € 593k on EBITDA, in particular due to a more favorable dollar exchange rate than in the previous year. The same applies to the Group's net assets, for which there were no significant effects from currency fluctuations.

Earnings position

Multi-period overview: Development of key cost items

| in €k | Q1 2020 | Q1 2021 | Q1 2022 | Q1 2023 |
|-------------------------------|---------|---------|---------|---------|
| Cost of sales | 110,431 | 124,222 | 161,676 | 191,043 |
| Gross margin | 55.1% | 53.3% | 48.1% | 46.0% |
| Selling expenses | 66,586 | 64,089 | 69,856 | 84,870 |
| Selling expenses ratio | 27.1% | 24.1% | 22.4% | 24.0% |
| Administrative expenses | 17,187 | 18,618 | 19,942 | 18,793 |
| Administrative expenses ratio | 7.0% | 7.0% | 6.4% | 5.3% |

For information on the development of **sales**, please refer to the comments on business development.

Cost of sales in Q1 2023 increased by 18.2% to € 191,043k compared to the first quarter of the previous year, with an increase in sales of +13.6%. The reason for this development is the disproportionate increase in Sedo's lower-margin aftermarket business, which reduces the gross margin from 48.1% to 46.0%.

Increased marketing services were purchased in the first quarter of 2023 to raise brand awareness. The increase in advertising services (+€ 9,917k; +37%) compared with the first quarter of the previous year contributed significantly to the rise in **selling expenses**. As a result, the selling expense ratio increased by 1.6 percentage points.

Administrative expenses developed in the opposite direction, falling by 5.8% year-on-year in the first three months. This was due in particular to lower depreciation and amortization charges and a decrease in expenses for consulting services. As a percentage of sales, the administrative expense ratio decreased from 6.4% to 5.3%.

The **net position from other operating income and expenses** increased by € 9,049k to € 9,099k (previous year: € 50k). This includes income of € 8,555k relating to other periods from the charging on of IPO costs from the previous years.

The **financial result** amounted to € 4,860k (Q1 2022: € -24,143k) and is characterized by a valuation adjustment of the purchase price liability in connection with the acquisition of STRATO AG (€ +26,418k). In addition, the repayment of the United Internet AG loan resulted in lower interest expenses (Q1 2023: € - 20,600k; Q1 2022: € -21,727k).

As the measurement of the purchase price liability with income of € 26,418k in the first quarter of 2023 does not result in the recognition of a deferred tax item, the Group tax rate decreased significantly in the first three months (from 33.3% in Q1 2022 to 21.1% in Q1 2023). After tax expenses of € 14,891k (prior year: € 11,322k), consolidated net income amounted to € 55,829k (prior year: € 22,631k).

Earnings per share (EPS) amounted to € 0.61 in the first three months of 2023 and were calculated on the basis of the weighted average number of shares outstanding of 91,902 thousand. This average reflects the capital increase from € 360,001 to € 140,000,000 from company funds on February 1, 2023. In the previous year, EPS of € 61.75 was calculated on the basis of 360,001 shares.

Adjusted EPS is € 0.32 for the first three months of 2023 and € 0.26 for the first quarter of the previous year. Adjusted EPS is calculated excluding the positive earnings effect from the measurement of the contingent purchase price liability. In addition, EPS for Q1 2022, like EPS for Q1 2023, is calculated on the basis of the weighted average number of shares outstanding of 91,902 thousand (EPS effect Q1 2023: +€ 0.29; prior year: -€ 0.02).

Financial position

Development of key cash flow figures

| in €k | Q1 2023 | Q1 2022 | Change |
|---------------------------------------|---------|---------|---------|
| Operative cash flow | 39,607 | 52,710 | -24.9% |
| Cash flow from operating activities | 26,509 | 40,720 | -34.9% |
| Cash flow from investing activities | 16,980 | -24,916 | -168.1% |
| Free cash flow ⁽¹⁾ | 7,209 | 16,320 | -55.8% |
| Cash flow from financing activities | -34,659 | -24,260 | 42.9% |
| Cash and cash equivalents on March 31 | 35,172 | 41,360 | -15.0% |

⁽¹⁾ Free cash flow is defined as net cash provided by operating activities less capital expenditure on intangible assets and property, plant and equipment, plus cash inflows from disposals of intangible assets and property, plant and equipment; reported including the repayment portion of lease liabilities reported in cash flow from financing activities

Multi-period overview: Development of key cash flow figures

| in €k | Q1 2020 | Q1 2021 | Q1 2022 | Q1 2023 |
|---------------------------------------|---------|---------|---------|---------|
| Operative cash flow | 45,546 | 52,520 | 52,710 | 39,607 |
| Cash flow from operating activities | 30,322 | 44,518 | 40,720 | 26,509 |
| Cash flow from investing activities | 24,945 | -13,992 | -24,916 | 16,980 |
| Free cash flow ⁽¹⁾ | 19,747 | 25,669 | 16,320 | 7,209 |
| Cash flow from financing activities | -53,648 | -84,674 | -24,260 | -34,659 |
| Cash and cash equivalents on March 31 | 43,165 | 52,752 | 41,360 | 35,172 |

⁽¹⁾ Free cash flow is defined as net cash provided by operating activities less capital expenditure on intangible assets and property, plant and equipment, plus cash inflows from disposals of intangible assets and property, plant and equipment; reported including the repayment portion of lease liabilities reported in cash flow from financing activities

Net cash inflows from operating activities amounted to € 26,509k, a decrease of € 14,211k compared to the first quarter of the previous year (Q1 2022: € 40,720k), mainly due to a payout of the first third of the employee stock option plan (Long Term Incentive Plan, LTIP) in the amount of € 13,347k. This LTIP, which was launched in 2017, vested on the first day of trading of the IONOS share. The payment of the first third of the LTIP was due with the IPO. The payment of the next third will be made in 18 and 24 months respectively after the first trading day.

In the reporting period, **net cash inflows from investing activities** of € 16,980k are generated (Q1 2022: net cash outflows of € 24,916k). The cash inflows resulted from a reduction in surplus liquidity invested with United Internet AG, which led to a € 31,588k decrease in cash pool receivables. The main driver for this was the further reduction of the shareholder loan at United Internet AG. Investments in intangible assets and property, plant and equipment decreased by € 6,028k (Q1 2023: € 15,034k; Q1 2022: € 21,062k), with investments in servers remaining roughly at the previous year's level (Q1 2023: € 11,686k; Q1 2022: € 12,002k).

Free cash flow at IONOS is defined as net cash inflows from operating activities less capital expenditures for intangible assets and property, plant and equipment, plus cash inflows from disposals of intangible assets and property, plant and equipment including the repayment portion of lease liabilities. The decrease in free cash flow in Q1 2023 to € 7,209k from € 16,320k in Q1 2022 is due in particular to the payment of the first third of the LTIP in the amount of € 13,347k.

Financing activities in the first quarter of 2023 mainly resulted in an outflow of € 30,000k from the repayment of the long-term loan to United Internet AG (Q1 2022: € 20,000k).

Cash and cash equivalents amounted to € 35,172k as of March 31, 2023 - compared to € 41,360k as of the prior-year reporting date.

Asset position

At € 1,552,578k, total assets are slightly higher than total assets at December 31, 2022 (€ 1,541,505k).

Development of current assets

| in €k | March 31, 2023 | December 31, 2022 | Change |
|----------------------------------|-------------------|----------------------|-------------|
| Cash and cash equivalents | 35,172 | 26,440 | 33.0% |
| Trade accounts receivable | 69,993 | 66,628 | 5.1% |
| Receivables from related parties | 16,088 | 27,964 | -42.5% |
| Contract assets | 8,095 | 8,128 | -0.4% |
| Prepaid expenses | 27,606 | 23,779 | 16.1% |
| Other financial assets | 17,573 | 12,377 | 42.0% |
| Income tax claims | 16,102 | 9,918 | 62.4% |
| Other non-financial assets | 803 | 1,128 | -28.8% |
| Total current assets | 191,432 | 176,362 | 8.5% |

The increase in **current assets** by € 15,070k is mainly due to the higher level of cash and cash equivalents (+€ 8,732k) and the increase of € 6,184k in income tax claims from advance tax payments to the tax authorities. On the other hand, receivables from related parties decreased by € 11,876k. This item includes cash pool receivables, which decreased by € 31,588k as a result of the reduction in surplus liquidity invested with United Internet AG.

Development of non-current assets

| in €k | March 31, 2023 | December 31, 2022 | Change |
|---|-------------------|----------------------|--------------|
| Investments in associated companies | 2,412 | 2,423 | -0.5% |
| Other financial assets/Receivables from finance lease | 4,000 | 4,081 | -2.0% |
| Property, plant and equipment | 316,637 | 322,286 | -1.8% |
| Intangible assets | 173,615 | 178,826 | -2.9% |
| Goodwill | 821,503 | 820,844 | 0.1% |
| Contract assets | 1 | 1 | 0.0% |
| Prepaid expenses | 9,779 | 8,573 | 14.1% |
| Deferred tax assets | 33,199 | 28,109 | 18.1% |
| Total non-current assets | 1,361,146 | 1,365,143 | -0.3% |

Overall, **non-current assets** have changed only insignificantly compared with the end of the 2022 financial year. **Property, plant and equipment** and **intangible assets** decreased by € 10,860k, in particular as a result of depreciation and amortization (€ 26,881k) exceeding capital expenditure (€ 15,034k). Due to positive planning of tax results, additional **deferred tax assets** were recognized on interest carryforwards in the amount of € 5,090k.

Development of current liabilities

| in €k | March 31, 2023 | December 31, 2022 | Change |
|----------------------------------|-------------------|----------------------|--------------|
| Trade accounts payable | 81,842 | 80,324 | 1.9% |
| Liabilities to related parties | 8,047 | 6,570 | 22.5% |
| Income tax liabilities | 26,543 | 19,471 | 36.3% |
| Contract liabilities | 79,056 | 74,375 | 6.3% |
| Other provisions | 561 | 594 | -5.6% |
| Other financial liabilities | 72,078 | 97,657 | -26.2% |
| Other non-financial liabilities | 30,610 | 20,267 | 51.0% |
| Total current liabilities | 298,737 | 299,258 | -0.2% |

Current liabilities have changed only insignificantly overall compared with the end of the 2022 financial year. Income tax liabilities for expected tax payments on the result of the 2023 financial year increased by € 7,072k. The increase in **other non-financial liabilities** by € 10,343k results from higher VAT and payroll and church tax liabilities. By contrast, **other financial liabilities** decreased by € 25,579k due to the lower subsequent measurement of a purchase price liability in connection with the acquisition of STRATO AG.

Development of non-current liabilities

| in €k | March 31, 2023 | December 31, 2022 | Change |
|--------------------------------------|-------------------|----------------------|--------------|
| Liabilities to related parties | 1,215,000 | 1,245,000 | -2.4% |
| Deferred tax liabilities | 37,736 | 38,470 | -1.9% |
| Contract liabilities | 1,423 | 1,099 | 29.5% |
| Other provisions | 3,159 | 4,203 | -24.8% |
| Other financial liabilities | 113,501 | 115,655 | -1.9% |
| Total non-current liabilities | 1,370,819 | 1,404,427 | -2.4% |

The main reason for the decrease in non-current liabilities is the repayment of the vendor loan to United Internet AG in the amount of € 30,000k.

Development of equity

| in €k | March 31, 2023 | December 31, 2022 | Change |
|---|-------------------|----------------------|---------------|
| Issued capital | 140,000 | 360 | 38788.9% |
| Reserves | -231,257 | -136,644 | 69.2% |
| Currency translation adjustment | -25,883 | -26,019 | -0.5% |
| Equity attributable to shareholders of the parent company | -117,140 | -162,303 | -27.8% |
| Non-controlling interests | 129 | 123 | 4.9% |
| Total equity | -117,011 | -162,180 | -27.9% |

The Company's **capital** was increased by € 139,640k from € 360k to € 140,000k from company funds (other reserves). Other significant changes in other reserves in the first quarter of 2023 were a reduction as a result of the payment of the employee stock ownership program in the amount of € 13,347k and the addition of the consolidated profit for the first quarter of 2023 in the amount of € 55,823k. Overall, equity in the Group increased by € 45,169k from € -162,180k as of December 31, 2022 to € -117,011k as of March 31, 2023.

Net debt (i.e., the balance of liabilities to related parties, receivables from related parties and cash and cash equivalents) decreased by € 25,379k from € 1,197,166k as of December 31, 2022 to € 1,171,787k as of March 31, 2023.

Multi-period overview: Development of key balance sheet items

| in €k | December 31, 2020 | December 31, 2021 | December 31, 2022 | March 31, 2023 |
|--------------------------------|----------------------|----------------------|----------------------|-------------------|
| Balance sheet total | 1,488,536 | 1,471,668 | 1,541,505 | 1,552,578 |
| Cash and cash equivalents | 105,805 | 49,520 | 26,440 | 35,172 |
| Trade accounts receivable | 35,572 | 49,526 | 66,628 | 69,993 |
| Property, plant and equipment | 219,908 | 271,782 | 322,286 | 316,637 |
| Intangible assets | 220,960 | 201,437 | 178,826 | 173,615 |
| Goodwill | 806,893 | 825,261 | 820,844 | 821,503 |
| Liabilities to related parties | 1,466,000 | 1,315,000 | 1,245,000 | 1,215,000 |
| Issued capital | 360 | 360 | 360 | 140,000 |
| Equity | -326,166 | -231,708 | -162,180 | -117,011 |
| Equity ratio | -21.9% | -15.7% | -10.5% | -7.5% |

Management Board's overall assessment of the business situation

IONOS Group SE has started successfully into the fiscal year 2023, which is reflected in a positive development of revenues, but also in an increase of the paying customer base by 63,000 customers in Q1 2023. This also underlines the success of our branding campaign launched in fiscal year 2021 and further intensified in 2022 and 2023, with which the IONOS Group continues to develop today's target markets with Web Presence & Productivity products, but also with Cloud solutions. With this customer growth, a revenue growth of 13.6% to € 353,794k as well as a 7.8% increase in EBITDA to € 92,752k, IONOS performed well in Q1 2023.

Adjusted EBITDA decreased by € 5,592k in the first quarter to a level of € 86,205k, mainly due to higher investments in our brand awareness and an associated increase in selling expenses (€ -15,014k) as well as an increase in personnel expenses in the administration area (€ -1,958k). This is partially offset by a significant increase in gross profit (+€ 13,014k) of around +8.7% to € 162,751k. This disproportionately low increase in relation to sales is due in particular to the higher share of the Group's total sales accounted for by the lower-margin aftermarket business. Based on the effects described above, the adjusted EBITDA margin decreased as expected from 29.5% in Q1 2022 to 24.4% in Q1 2023.

On the basis of the sales and earnings figures achieved in the first quarter of 2023 and in view of the investments made in the sustainable development of the company, the Executive Board continues to believe that the company is very well positioned for its future development. Accordingly, based on the continuation of macro-economic growth in the core sales markets of the IONOS Group in general, which is also forecast by the IMF, as well as the further progress of digitization and the increasing importance of artificial intelligence in particular, the Executive Board also expects a positive development of the key financial and non-financial performance indicators in the future due to the stable business model, which is predominantly based on electronic subscriptions.

After a positive start to the year, the Management Board of the IONOS Group is optimistic at the present time that it will achieve the targets contained in the planning and accordingly confirms its expected development of the key performance indicators revenue and adjusted EBITDA margin in the forecast for the financial year 2023.

Subsequent events

After the balance sheet date of March 31, 2023, no events of particular significance have occurred in the IONOS Group that have a major impact on the results of operations, net assets and financial position of the company or the Group with implications for accounting and reporting.

Risk and opportunity report

The risk and opportunity policy of the IONOS Group is geared towards the goal of maintaining and sustainably increasing the value of the company by seizing opportunities and identifying and managing risks at an early stage. Risk and opportunity management regulates the responsible handling of uncertainties that are always associated with entrepreneurial activity.

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

The assessment of the overall risk situation is the result of a consolidated analysis of all significant risk areas and individual risks, taking into account interdependencies.

The overall risk and opportunity situation remained largely stable in the first three months of 2023 compared to the risk and opportunity reporting in the context of the consolidated financial statements 2022. No risks that could jeopardize the continued existence of the IONOS Group as a going concern were discernible either from individual risk positions or from the overall risk situation in the reporting period or at the time this quarterly statement was prepared.

By continuously expanding its risk management, the IONOS Group counters these risks and limits them to a minimum by implementing specific measures, where this makes sense.

Forecast report

Forecast for the fiscal year 2023

After the end of the first quarter, the IONOS Group confirms its forecast for 2023. For the full year, consolidated revenues are expected to increase unchanged to around € 1.4 billion (previous year: € 1.293 billion).

With regard to the adjusted EBITDA margin, the Group continues to expect a level of at least 27% for the financial year 2023 (previous year: 26.7%) and thus an increase in adjusted EBITDA of at least 10% compared to the previous year.

Forward-looking statements

This quarterly statement contains forward-looking statements based on current expectations, assumptions and forecasts of the Executive Board of IONOS and currently available information. The forward-looking statements are subject to various risks and uncertainties and are based on expectations, assumptions and projections that may not prove to be accurate in the future. IONOS does not guarantee

that the forward-looking statements will prove to be accurate, assumes no obligation to update or revise the forward-looking statements contained in this interim report.

NOTES TO THE INTERIM STATEMENT

Information on the Company

The IONOS Group, with IONOS Group SE as its listed parent company (hereinafter referred to as "IONOS Group SE" or together with its subsidiaries "IONOS Group"), is the leading European Internet specialist in the hosting business segment. The Group also develops applications for the use of the Internet. The IONOS Group consists of various companies in Germany and abroad. In accordance with internal management reporting, there is a single operating segment.

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

The shares of IONOS Group SE have been listed on the regulated market of the Frankfurt Stock Exchange since February 8, 2023. As of March 31, 2023, United Internet AG holds 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.

Significant accounting, measurement and consolidation principles

The quarterly statement of IONOS Group SE as of March 31, 2023, like the consolidated financial statements as of December 31, 2022, has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

This quarterly statement does not constitute interim financial reporting within the meaning of IAS 34. The accounting policies applied in this quarterly statement are the same as those applied in the previous year, with the exception of the mandatory new standards, and should be read in conjunction with the consolidated financial statements as of December 31, 2022.

Mandatory adoption of new accounting standards

The following standards are mandatory in the EU for the first time for fiscal years beginning on or after January 1, 2023:

| Standard | | Mandatory for fiscal years beginning on or after | Endorsed by EU Commission |
|----------|---|--|---------------------------|
| IAS 1 | Amendment: Requirements for the disclosure of material information relating to accounting principles | January 1, 2023 | Yes |
| IAS 8 | Amendment: New definition to distinguish between accounting policies and accounting estimates | January 1, 2023 | Yes |
| IAS 12 | Amendment: Scope of the exemption under which no deferred tax assets or liabilities are to be recognized at the time of addition of an asset or liability | January 1, 2023 | Yes |
| IFRS 17 | Amendment: Replaces the previously applicable transitional standard IFRS 4. The standard governs the accounting treatment of insurance contracts. | January 1, 2023 | Yes |
| IFRS 17 | Amendment: Comparative information on first-time adoption of IFRS 17 and IFRS 9 | January 1, 2023 | Yes |

The first-time application of the new accounting standards did not have any significant impact on these quarterly financial statements.

Use of estimates and assumptions

In preparing this quarterly statement, management makes judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, the uncertainty associated with these assumptions and estimates could lead to results that may require material adjustments to the carrying amounts of the assets or liabilities affected in the future.

Miscellaneous

This quarterly statement includes all significant subsidiaries and associated companies.

The scope of consolidation remained unchanged compared with the consolidated financial statements as of December 31, 2022.

This Interim Statement was not audited in accordance with Section 317 of the German Commercial Code (HGB) or reviewed by an auditor.

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FINANCIAL CALENDAR / IMPRINT

IONOS Group SE, Montabaur
Consolidated statement of financial position as of March 31, 2023

| | March 31, 2023 | December 31, 2022 |
|-------------------------------------|-------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 35,172 | 26,440 |
| Trade accounts receivable | 69,993 | 66,628 |
| Receivables from related parties | 16,088 | 27,964 |
| Contract assets | 8,095 | 8,128 |
| Inventories | 124 | 162 |
| Prepaid expenses | 27,606 | 23,779 |
| Other financial assets | 17,573 | 12,377 |
| Other non-financial assets | 679 | 966 |
| Income tax claims | 16,102 | 9,918 |
| | 191,432 | 176,362 |
| Non-current assets | | |
| Investments in associated companies | 2,412 | 2,423 |
| Receivables from finance leases | 3,097 | 3,178 |
| Other financial assets | 903 | 903 |
| Property, plant and equipment | 316,637 | 322,286 |
| Intangible assets | | |
| Other intangible assets | 173,615 | 178,826 |
| Goodwill | 821,503 | 820,844 |
| Contract assets | 1 | 1 |
| Prepaid expenses | 9,779 | 8,573 |
| Deferred tax assets | 33,199 | 28,109 |
| | 1,361,146 | 1,365,143 |
| Total assets | 1,552,578 | 1,541,505 |
| LIABILITIES | | |
| Current liabilities | | |
| Trade accounts payable | 81,842 | 80,324 |
| Liabilities to related parties | 8,047 | 6,570 |
| Income tax liabilities | 26,543 | 19,471 |
| Contract liabilities | 79,056 | 74,375 |
| Other provisions | 561 | 594 |
| Other financial liabilities | 72,078 | 97,657 |
| Other non-financial liabilities | 30,610 | 20,267 |
| | 298,770 | 299,258 |
| Non-current liabilities | | |
| Liabilities to related parties | 1,215,000 | 1,245,000 |
| Deferred tax liabilities | 37,736 | 38,470 |
| Contract liabilities | 1,423 | 1,099 |
| Other provisions | 3,159 | 4,203 |
| Other financial liabilities | 113,501 | 115,655 |
| | 1,370,819 | 1,404,427 |
| Total liabilities | 1,669,589 | 1,703,685 |

| | March 31, 2023 | December 31, 2022 |
|---|-------------------|----------------------|
| EQUITY | | |
| Issued capital | 140,000 | 360 |
| Reserves | -231,257 | -136,644 |
| Currency translation adjustment | -25,883 | -26,019 |
| Equity attributable to shareholders of the parent company | -117,140 | -162,303 |
| Non-controlling interests | 129 | 123 |
| Total equity | -117,011 | -162,180 |
| Total liabilities and equity | 1,552,578 | 1,541,505 |

IONOS Group SE, Montabaur

Consolidated statement of comprehensive income
for the period from January 1 to March 31, 2023 in €k

| | 2023 January - March | 2022 January - March |
|---|----------------------------|----------------------------|
| Revenue from contracts with customers | 342,441 | 299,332 |
| Revenue from contracts with related parties | 11,353 | 12,081 |
| Total revenue | 353,794 | 311,413 |
| Cost of sales | -191,043 | -161,676 |
| Gross profit | 162,751 | 149,737 |
| Selling expenses | -84,870 | -69,856 |
| General and administrative expenses | -18,793 | -19,942 |
| Impairment losses on receivables and contract assets | -2,316 | -2,102 |
| Other operating income / expenses | 9,099 | 50 |
| Operating result | 65,871 | 57,887 |
| Financial result | 4,860 | -24,143 |
| Share of the profit or loss of associates accounted for using the equity method | -11 | 209 |
| Pre-tax result | 70,720 | 33,953 |
| Income taxes | -14,891 | -11,322 |
| Net income | 55,829 | 22,631 |
| thereof attributable to | | |
| non-controlling interests | 6 | 402 |
| shareholders of IONOS Group SE | 55,823 | 22,229 |
| Result per share of shareholders of IONOS Group SE (in €) | | |
| basic | 0.61 | 61.75 |
| diluted | 0.61 | 61.75 |
| Weighted average of outstanding shares (in thousand units) | | |
| basic | 91,902 | 360 |
| diluted | 91,902 | 360 |
| Reconciliation to total comprehensive income | | |
| Net income | 55,829 | 22,631 |
| Items that may be reclassified subsequently to profit or loss | | |
| Currency translation adjustment - unrealized | 136 | -1,274 |
| Items that are no reclassified subsequently to profit or loss | | |
| Other comprehensive income | 136 | -1,274 |
| Total comprehensive income | 55,965 | 21,357 |
| thereof attributable to | | |
| non-controlling interests | 6 | 411 |
| shareholders of IONOS Group SE | 55,959 | 20,945 |

IONOS Group SE, Montabaur
 Consolidated cash flow statement
 for the period from January 1 to March 31, 2023 in €k

| | 2023 January - March | 2022 January - March |
|---|----------------------------|----------------------------|
| Net income | 55,829 | 22,631 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation and amortization of intangible assets and property, plant and equipment | 20,800 | 20,783 |
| Depreciation and amortization of assets resulting from business combinations | 6,081 | 7,411 |
| Employee expenses from share-based payment programs | 1,517 | 0 |
| Payments from share-based payment programs | -13,347 | 1,269 |
| Interest expense from the unwinding of the discount on lease liabilities | 1,037 | 797 |
| Share of the profit or loss of associates accounted for using the equity method | 11 | -209 |
| Distributed profits of associated companies | 0 | 205 |
| Other non-cash items from changes in deferred tax position | -5,824 | -1,812 |
| Income/Loss from the sale of intangible assets and property, plant and equipment | -79 | 51 |
| Other non-cash items | -26,418 | 1,584 |
| Operative cash flow | 39,607 | 52,710 |
| Change in assets and liabilities | | |
| Change in receivables and other assets | -14,729 | -30,077 |
| Change in inventories | 38 | -70 |
| Change in contract assets | 32 | -41 |
| Change in prepaid expenses | -5,033 | -5,039 |
| Change in trade accounts payable | 1,518 | 1,796 |
| Change in receivables from/liabilities to related parties | -18,236 | 4,418 |
| Change in other provisions | -42 | 336 |
| Change in income tax liabilities | 5,643 | 2,645 |
| Change in other liabilities | 12,706 | 8,908 |
| Change in contract liabilities | 5,005 | 5,134 |
| Change in assets and liabilities, total | -13,098 | -11,990 |
| Cash flow from operating activities | 26,509 | 40,720 |
| Cash flow from investing activities | | |
| Cash payments to acquire property, plant and equipment and intangibles | -15,034 | -21,062 |
| Cash receipts from sales of property, plant and equipment and intangibles | 426 | 153 |
| Cash payments for business combinations, net of cash acquired | 0 | 0 |
| Payments for the acquisition of associated companies | 0 | -60 |
| Cash payments to acquire assets as part of a business combination | 0 | 0 |
| Cash receipts from the sale of other financial assets | 0 | 54 |
| Payments within the framework of cash pooling | 31,588 | -4,001 |
| Payments related to other financial assets | 0 | 0 |
| Cash flow from investing activities | 16,980 | -24,916 |

| | 2023 January - March | 2022 January - March |
|--|----------------------------|----------------------------|
| Cash flow from financing activities | | |
| Dividend payments to non-controlling interests | 0 | -799 |
| Cash payments for equity acquisition of remaining shares in InterNetX Holding GmbH | | 0 |
| Cash proceeds from loans | 33 | 29 |
| Repayment of loans | -30,000 | -20,000 |
| Redemption of lease liabilities | -4,692 | -3,490 |
| Dividend payments to shareholders | 0 | 0 |
| Cash flow from financing activities | -34,659 | -24,260 |
| Net decrease in cash and cash equivalents | 8,830 | -8,456 |
| Cash and cash equivalents at beginning of period | 26,440 | 49,520 |
| Currency translation adjustments of cash and cash equivalents | -98 | 296 |
| Cash and cash equivalents at end of period | 35,172 | 41,360 |

IONOS Group SE, Montabaur
 Consolidated statement of changes in equity
 for the period from January 1 to March 31, 2023 in €k

| | Issued capital €k | Reserves €k | Currency translation adjustment €k | Equity attributable to shareholders of the parent company €k | Non- controlling interests €k | Total equity €k |
|--|----------------------|-----------------|---|---|--|--------------------|
| Balance as of January 1, 2022 | 360 | -213,903 | -20,760 | -234,303 | 2,595 | -231,708 |
| Net income | 0 | 22,229 | 0 | 22,229 | 402 | 22,631 |
| Other comprehensive income | 0 | 0 | -1,284 | -1,284 | 10 | -1,274 |
| Total comprehensive income | 0 | 22,229 | -1,284 | 20,945 | 412 | 21,357 |
| Employee stock ownership program | 0 | 1,269 | 0 | 1,269 | 0 | 1,269 |
| Profit distributions | 0 | 0 | 0 | 0 | -799 | -799 |
| Balance as of March 31, 2022 | 360 | -190,405 | -22,044 | -212,089 | 2,208 | -209,881 |
| Balance as of January 1, 2023 | 360 | -136,644 | -26,019 | -162,303 | 123 | -162,180 |
| Net income | 0 | 55,823 | 0 | 55,823 | 6 | 55,829 |
| Other comprehensive income | 0 | 0 | 136 | 136 | 0 | 136 |
| Total comprehensive income | 0 | 55,823 | 136 | 55,959 | 6 | 55,965 |
| Capital increase from company funds | 139,640 | -139,640 | 0 | 0 | 0 | 0 |
| Employee stock ownership program | 0 | -10,796 | 0 | -10,796 | 0 | -10,796 |
| Balance as of March 31, 2023 | 140,000 | -231,257 | -25,883 | -117,140 | 129 | -117,011 |

FINANCIAL CALENDAR

| | |
|--------------------------|--|
| March 30, 2023 | Annual Financial Statements for fiscal year 2022 |
| May 10, 2023 | Quarterly Statement Q1 2023 |
| May 15, 2023 | Annual General Meeting 2022, Alte Oper Frankfurt/Main |
| August 3, 2023 | 6-Month Report 2023 |
| November 10, 2023 | Quarterly Statement Q32023 |

IMPRINT

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May 2023
Registry court: Montabaur HRB 25386

Note:

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

This quarterly statement is available in German and English. Both versions are also available for download on the internet at www.ionos-group.com. In case of doubt, the German version shall prevail.

For better readability, the masculine form is used for gender-specific terms in the Quarterly Statement. IONOS points out that the use of the masculine form is to be understood explicitly as gender-independent.

Produced in-house with Firesys

Disclaimer

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

IONOS Group SE

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