

IONOS

Interim Statement Q3 2023

SELECTED KEY FIGURES

	September 30, 2023	September 30, 2022	Change
NET INCOME (in €k)			
Revenue	1,058,709	953,639	11.0%
EBITDA	305,395	258,857	18.0%
Adjusted EBITDA	306,325	275,754	11.1%
EBIT	224,873	174,007	29.2%
Adjusted EBT ⁽¹⁾	160,196	106,649	50.2%
Adjusted EPS (in €) ⁽²⁾	0.97	0.59	64.4%
BALANCE SHEET (in €k)			
Current assets	239,957	198,684	20.8%
Non-current assets	1,349,466	1,344,370	0.4%
Equity	-31,000	-153,025	
Equity ratio	-2.0%	-9.9%	+7.9%-P
Balance sheet total	1,589,423	1,543,054	3.0%
CASH FLOW (in €k) ⁽³⁾			
Operative cash flow	243,999	214,078	14.0%
Cash flow from operating activities	235,603	219,602	7.3%
Cash flow from investing activities	-94,877	-86,568	9.6%
Free cash flow ⁽⁴⁾	174,151	134,446	29.5%
EMPLOYEES			
Headcount as of September 30	4,325	4,239	2.0%
thereof domestic	2,339	2,328	0.5%
thereof foreign	1,986	1,911	3.9%
SHARE (in €)			
Share price as of September 30 (Xetra)	14.34	n/a	
CUSTOMER BASE (in Mio.)			
thereof domestic	3.18	3.10	0.08
thereof foreign	2.95	2.86	0.09

(1) EBT excluding non-cash valuation effects from the contingent purchase price liability (9M 2023: +€29,852k; 9M 2022: +€3,768k).

(2) EPS excluding non-cash valuation effects from the contingent purchase price liability (9M 2023: +€0.24; 9M 2022: +€0.03). For reasons of comparability, EPS was calculated for 9M 2022 as well as for 9M 2023 on the basis of the weighted average number of shares outstanding of 124,143 thousand. This average reflects the capital increase from €360,001 to €140,000,000 from company funds on February 1, 2023.

(3) The presentation of cash flow was changed in H1 2023. Interest payments are now reclassified from cash flows from operating activities to cash flows from financing activities. The changes are outlined in the notes to the quarterly statement.

(4) 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 flows from financing activities.

CONTENT

Letter of the CEO

INTERIM GROUP MANAGEMENT REPORT AS OF 30TH SEPTEMBER 2023

Business development

Position of the Group

Subsequent events

Risk and opportunity report

Forecast report

Notes on the interim statements

INTERIM FINANCIAL STATEMENT AS OF 30TH SEPTEMBER 2023

Consolidated statement of financial position

Consolidated statement of comprehensive income

Consolidated cash flow statement

Consolidated statement of changes in equity

FINANCIAL CALENDAR / IMPRINT

Dear shareholders, employees and business partners,

IONOS Group SE continued its successful growth trajectory in the first 9 months of 2023. This is reflected in the positive development of sales and earnings as well as in the increase in the number of customers by 170,000 to 6.13 million.

Revenue increased by 11.0% from € 953,639k (9M 2022) to € 1,058,709k in the first 9 months of 2023. Adjusted EBITDA rose by 11.1% to € 306,325k despite continued high marketing expenditure, particularly to increase awareness of the IONOS brand. At 28.9%, the adjusted EBITDA margin was at the same level as in the same period of the previous year.

Adjusted earnings per share (EPS) amounted to € 0.97 after the first 9 months of 2023 compared to € 0.59 in the same period of the previous year.

In addition to the further expansion of the Aftermarket business, the increase in sales is mainly due to the continued positive development of new customer business and the successful cross-selling and upselling of our existing customers.

IONOS Group SE stands for innovative, web-based products and applications. In addition to constantly optimizing and ensuring the reliable operation of all services, IONOS programmers, product managers and technical administrators worked on numerous projects in the areas of Cloud Solutions and Web Presence & Productivity.

In the third quarter, the focus was primarily 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.

Following the successful conclusion of the first 9 months, we are specifying our forecast for the 2023 financial year. As in the previous year, we expect revenue to increase by around 10% at constant currency to around € 1.4 billion. The Web Presence & Productivity segment is expected to grow by around 11% and the Cloud Solutions segment by 14% to 15%. For adjusted EBITDA, we now expect an increase of around 13% (previously around 10%) to around € 390 million and an adjusted EBITDA margin of around 27.5% (previously: at least 27%).

In the fourth quarter, as in 2022, IONOS is planning higher marketing expenditure to further increase brand awareness.

In July, we published our Climate Strategy 2030. IONOS has long been committed to environmental sustainability. With the new strategy, we have published a long-term plan for the sustainability of data centers and office buildings for the first time. This includes detailed targets for reducing emissions from our data centers and office buildings, a long-term commitment to source 100% of our electricity from renewable energy sources and the reduction of emissions in our value chain.

We are well positioned for the next steps in our company's development and are optimistic about the remainder of the financial year. In view of the successful first 9 months, we would like to express our special thanks to all our employees for their dedicated work and to our shareholders and business partners for the trust they have placed in IONOS Group SE.

Montabaur, November 10, 2023

Achim Weiß

INTERIM STATEMENT ON THE THIRD QUARTER 2023

Business Development

Customer development in the first 9 months

in Mio.	September 30, 2023	December 31, 2022	Change
Total customers	6.13	6.00	0.13
thereof domestic	3.18	3.12	0.06
thereof foreign	2.95	2.88	0.07

The **number of paying customers** increased by approx. 130,000 in the first 9 months of 2023. The growth resulted from approx. 60,000 customers in Germany and approx. 70,000 customers abroad, mainly in UK, France, and the Netherlands, supported in particular by our current TV campaigns at IONOS, STRATO and home.pl, but also through the efficient use of performance marketing initiatives. This increased the Group's customer base to a total of 6.13 million customers.

Quarterly development: Change compared to prior year quarters

in €k	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q3 2022	Change
Revenue	339,322	353,794	354,850	350,065	323,835	8.1 %
EBITDA	61,495	92,752	111,263	101,380	88,813	14.1 %
Adjusted EBITDA	69,892	86,205	114,644	105,476	94,352	11.8 %
EBIT	34,013	65,871	84,512	74,490	60,763	22.6 %

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

in €k	9M 2020	9M 2021	9M 2022	9M 2023	Change
Revenue	736,000	803,147	953,639	1,058,709	11.0 %
EBITDA	262,121	250,186	258,857	305,395	18.0 %
EBITDA margin	35.6 %	31.2 %	27.1 %	28.8 %	+1.7 %-P
Adjusted EBITDA	272,218	270,350	275,754	306,325	11.1 %
Adjusted EBITDA margin	37.0 %	33.7 %	28.9 %	28.9 %	+0.0 %-P
EBIT	178,749	167,449	174,007	224,873	29.2 %
EBIT margin	24.3 %	20.8 %	18.2 %	21.2 %	+3.0 %-P

Quarterly development: Adjusted EBITDA

in €k	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q3 2022
EBITDA	61,495	92,752	111,263	101,380	88,813
Adjustment for LTIP ⁽¹⁾	1,371	1,537	1,216	1,367	1,208
Adjustment for stand-alone activities ⁽²⁾	2,172	2,518	2,057	2,729	3,508
Adjustment for IPO costs ⁽³⁾	5,646	-11,287	-388	0	824
Adjustments for consulting fees incurred for one-off projects ⁽⁴⁾	1,118	0	0	0	0
Adjustment for the sale of shares ⁽⁵⁾	-1,910	0	0	0	0
Adjustment for severance payments ⁽⁶⁾	0	685	496	0	0
Total adjustments	8,397	-6,547	3,381	4,096	5,540
Adjusted EBITDA	69,892	86,205	114,644	105,476	94,352

(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 9 months 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	9M 2020	9M 2021	9M 2022	9M 2023
EBITDA	262,121	250,186	258,857	305,395
Adjustment for LTIP ⁽¹⁾	6,789	10,383	2,837	4,120
Adjustment for stand-alone activities ⁽²⁾	2,620	8,378	10,876	7,304
Adjustment for IPO costs ⁽³⁾	0	0	3,183	-11,675
Adjustments for consulting fees incurred for one-off projects ⁽⁴⁾	0	1,403	0	0
Adjustment for severance payments ⁽⁵⁾	688	0	0	1,181
Total adjustments	10,097	20,164	16,897	930
Adjusted EBITDA	272,218	270,350	275,754	306,325

(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 9 months 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 expenses related to reorganization and restructuring measures which primarily consist of severance payments and other personnel-related costs.

In the first 9 months of 2023, sales increased by +11.0% from € 953,639k in the previous year to € 1,058,709k. In addition to the further expansion of the aftermarket business, the increase in revenues is mainly attributable to the continued positive development of new customer business and higher revenues from cross-selling and upselling to existing customers, in particular with email, domain, online marketing, and website builder products, but also with our cloud/VPS server offerings. Sedo's aftermarket business (domain trading platform and domain parking) contributed 5.8 percentage points to the overall revenue growth of +11.0%.

In total, sales from contracts with customers are split between product revenues from the Web Presence & Productivity business field amounting to € 915,396k (in the first 9 months of 2022: € 820,178k; +11.6%) and from the Cloud Solutions business field amounting to € 110,089k (in the first 9 months of 2022: € 97,301k; +13.1%). Sales also include sales with related companies, i.e. with group companies of the United Internet Group. These sales showed a declining development (in the first 9 months of 2023: € 33,224k; in the first 9 months of 2022: € 36,160k; - 8.1%), which is mainly due to efficiency gains in the services to be supplied and the related lower cost pass-through to other companies of the United Internet Group.

EBITDA developed very positively in the first 9 months of 2023 with an increase of € 46,538k to € 305,395k (+18.0%). The gross margin increased from 46.6% in the first 9 months of 2022 to 47.8% in the first 9 months of 2023 and the Group's gross profit rose by +€ 61,794k (+13.9%) to € 506,267k. EBITDA was boosted in particular by the costs of purchasing services for marketing/advertising, which were only slightly higher than in the previous year, by € 436k or 0.6%, and by the non-recurring effect of passing on costs incurred in the previous and current financial year in connection with the IPO of IONOS Group SE (net effect: € 11,675k). As a result, the EBITDA margin increased from 27.1% in the first 9 months of the previous year to 28.8% in 2023. As of September 2023, an increase in marketing activities is planned to further increase brand awareness.

Adjusted EBITDA increased by 11.1% from € 275,754k to € 306,325k in the first 9 months of 2023. The slightly lower level of growth in relation to EBITDA compared with the previous year is exclusively attributable to the adjustment of income from the recharging of costs incurred in the past and current financial year in connection with the IPO of IONOS Group SE. The adjusted EBITDA margin of 28.9% at the end of September 2023 remains unchanged from the corresponding prior-year margin of 28.9%.

In the first 9 months of 2023, there were negative currency effects of € 6,475k on sales and € 2,159k on EBITDA, in particular due to the unfavorable exchange rate development of the US dollar and the British pound compared to the previous year. There were no significant effects from currency fluctuations on the Group's net assets.

EBIT increased by 29.2% from € 174,007k (September 30, 2022) to € 224,873k and thus developed very positively as a result of the effects described above. Due to a year-on-year decrease in depreciation and amortization of € 4,318k as a result of lower depreciation and amortization on assets capitalized as part of company acquisitions, the increase in EBIT was higher than that of EBITDA.

At 21.2%, the **EBIT margin** in the first 9 months of 2023 is above the corresponding prior-year margin of 18.2%.

Position of the Group

There were no significant acquisition and divestment effects on the Group's revenue and EBITDA in the first 9 months of 2023.

Earnings position

Multi-period overview: Development of key cost items

in €k	9M 2020	9M 2021	9M 2022	9M 2023	Change
Cost of sales	334,683	382,838	509,166	552,442	8.5 %
Gross margin	54.5 %	52.3 %	46.6 %	47.8 %	+1.2 %-P
Selling expenses	173,531	190,101	203,213	216,457	6.5 %
Selling expenses ratio	23.6 %	23.7 %	21.3 %	20.4 %	-0.9 %-P
Administrative expenses	51,565	55,097	59,751	68,667	14.9 %
Administrative expenses ratio	7.0 %	6.9 %	6.3 %	6.5 %	+0.2 %-P

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

In the first 9 months of 2023, the **cost of sales** increased by 8.5% year-on-year to € 552,442k with an increase in sales of +11.0%. This development is due to efficiency gains and a change in the product mix of sales revenues, as a result of which the gross margin rose from 46.6% to 47.8%.

Selling expenses increased by +6.5% (+€ 13,244k) year-on-year in the first 9 months of 2023 and thus at a lower rate than sales growth. There was mainly an increase in personnel expenses (+€ 10,512k; +12.7% year-on-year). Purchased marketing services were slightly up on the previous year by € 436k or 0.6%. However, as in 2022, an increase in marketing activities is planned in the fourth quarter of 2023 to further increase brand awareness. As a result of the development described above, the selling expenses ratio fell by 0.9 percentage points in the first 9 months.

Administrative expenses increased by +14.9% (+€ 8,916k) year-on-year in the first 9 months of 2023. This was due in particular to higher personnel expenses (+€ 7,668k; +41.6%), partly as a result of the in-sourcing of services previously provided externally and higher non-recurring expenses for reorganization measures, consisting primarily of severance payments and other personnel-related costs. When personnel expenses are combined with expenses for external work, the result is an increase of +27.1%. As a percentage of sales, the administrative expense ratio increased slightly from 6.3% to 6.5%.

The net position from **other operating income and expenses** increased by € 14,207k to € 12,816k (previous year: € -1,390k). This includes income of € 11,675k relating to other periods from the charging on of IPO costs from the previous year.

The **financial result** amounted to € -34,774k (as of September 30, 2022: € -63,804k) and is characterized by a valuation adjustment of the purchase price liability in connection with the acquisition of STRATO AG (€ +29,852k; previous year: € +3,768k). In addition, repayments of the loan from United Internet AG lead to declining interest expenses (in the first 9 months of 2023: € -61,877k; in the first 9 months of 2022: € -64,955k).

As the measurement of the purchase price liability in connection with the acquisition of STRATO AG with income of € 29,852k in the first 9 months of 2023 does not result in the recognition of a deferred tax item, the Group tax rate decreased significantly in the first 9 months of 2023 (from 29.4% as of September 2022 to 20.9% as of September 2023). After **tax expenses** of € 39,784k (previous year: € 32,463k), consolidated net income amounted to € 150,263k (previous year: € 77,954k).

Earnings per share (EPS) amounted to € 1.21 as of September 2023 and were calculated on the basis of the weighted average number of shares outstanding of 124,143 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 € 214.88 was calculated on the basis of 360,001 shares.

Adjusted EPS is € 0.97 as of September 2023 and € 0.59 as of September of the prior year. Adjusted EPS is calculated excluding the positive earnings effect from the measurement of the contingent purchase price liability. In addition, EPS for the first 9 months of 2023 and 2022 is calculated on the basis of the weighted average number of shares outstanding of 124,143 thousand (EPS effect September 2023: € +0.24; prior year: € +0.03).

Financial position

Development of key cash flow figures ⁽¹⁾

in €k	9M 2023	9M 2022	Change
Operative cash flow	243,999	214,078	14.0%
Cash flow from operating activities	235,603	219,602	7.3%
Cash flow from investing activities	-94,877	-86,568	9.6%
Free cash flow ⁽¹⁾	174,151	134,446	29.5%
Cash flow from financing activities	-141,403	-142,298	-0.6%
Cash and cash equivalents as of September 30	25,904	42,828	-39.5%

- (1) The presentation of cash flows was changed in H1 2023. Interest payments are now reclassified from cash flows from operating activities to cash flows from financing activities. The changes are described in the notes to the quarterly statement.
- (2) Free cash flow is defined as net cash provided by operating activities less capital expenditure on intangible assets and property, plant and equipment, plus proceeds from disposals of intangible assets and property, plant and equipment; reported including the repayment portion of lease liabilities, which are reported in cash flow from financing activities.

Multi-period overview: Development of key cash flow figures ⁽¹⁾

in €k	9M 2020	9M 2021	9M 2022	9M 2023
Operative cash flow	226,067	237,558	214,078	243,999
Cash flow from operating activities	202,298	225,850	219,602	235,603
Cash flow from investing activities	-18,575	-64,308	-86,568	-94,877
Free cash flow ⁽²⁾	148,609	149,652	134,446	174,151
Cash flow from financing activities	-193,683	-215,371	-142,298	-141,403
Cash and cash equivalents as of September 30	28,876	53,386	42,828	25,904

- (1) The presentation of cash flows was changed in H1 2023. Interest payments are now reclassified from cash flows from operating activities to cash flows from financing activities. The changes are described in the notes to the quarterly statement.
- (2) Free cash flow is defined as net cash provided by operating activities less capital expenditure on intangible assets and property, plant and equipment, plus proceeds from disposals of intangible assets and property, plant and equipment; reported including the repayment portion of lease liabilities, which are reported in cash flow from financing activities.

Net cash inflows from operating activities amount to € 235,603k and were € 16,001k higher than in the previous year (September 2022: € 219,602k) due to the higher consolidated net income. The main offsetting effects on net cash inflows are the payment of the first third of the Long Term Incentive Plan (LTIP) in the amount of € 13,630k as well as increased prepayments of income taxes, which, however, only represents a timing shift that will be offset by the end of 2023. The LTIP program, 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 outflows from investing activities** amounted to € -94,877k and are above the corresponding figure from the previous year 2022 (€ -86,568k). At € -39,127k, cash outflows from the increase in surplus liquidity invested with United Internet AG were € 27,916k higher than in the previous year. By contrast, investments in intangible assets and property, plant and equipment decreased by € 25,457k (September 2023: € -51,749k; September 2022: € -77,206k). Investments in servers are below the prior-year level (September 2023: € 38,946k; September 2022: € 45,790k), with the gap to the prior year closing further by the end of the fiscal year. Investments in the previous year were higher than in the current 9M period, in particular due to the construction of the data center in the UK. The contingent purchase price liability from the acquisition of IONOS Cloud GmbH in the amount of € 4,416k was settled in the third quarter of 2023.

Free cash flow at IONOS is defined as net cash inflows from 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, including payments for lease liabilities. Free cash flow as of September 2023 was € 174,151k, compared to € 134,446k as of September 2022, mainly due to lower investments in property, plant and equipment and intangible assets.

Financing activities resulted in an outflow of € 60,000k from the repayment of the long-term loan to United Internet AG as of September 2023 (as of September 2022: € 50,000k). At € -70,467k, interest paid as of September 2023 is € 2,677k higher than in the previous year (as of September 2022: € -67,790k). In the first 9 months of 2023, interest paid includes payments of € 4,359k from a correction of the calculation of interest on the loan to United Internet AG from previous years, which had already been recognized in profit or loss in fiscal year 2022.

Cash and cash equivalents amounted to € 25,904k as of September 30, 2023, compared with € 42,828k as of September 30, 2022.

Asset position

At € 1,589,423k, total assets are slightly higher than total assets as of December 31, 2022 (€ 1,541,505k).

Development of current assets

in €k	September 30, 2023	December 31, 2022	Change
Cash and cash equivalents	25,904	26,440	-2.0 %
Trade accounts receivable	79,796	66,628	19.8 %
Receivables from related parties	72,097	27,964	157.8 %
Contract assets	7,735	8,128	-4.8 %
Prepaid expenses	27,864	23,779	17.2 %
Other financial assets	17,099	12,377	38.2 %
Income tax claims	8,723	9,918	-12.0 %
Other non-financial assets	739	1,128	-34.5 %
Total current assets	239,957	176,362	36.1 %

The increase in **current assets** by € 63,595k mainly resulted from the € 44,133k increase in **receivables from related parties**. This item includes cash pool receivables, which increased by € 39,127k due to the build-up of surplus liquidity invested with United Internet AG. In addition, trade receivables are € 13,168k higher than the respective balances at the end of the fiscal year, as are deferred expenses of € 4,085k and advance payments for domains (included in other financial assets) of € 3,786k.

Development of non-current assets

in €k	September 30, 2023	December 31, 2022	Change
Investments in associated companies	2,980	2,423	23.0 %
Other financial assets/Receivables from finance lease	3,895	4,081	-4.6 %
Property, plant and equipment	315,750	322,286	-2.0 %
Intangible assets	165,464	178,826	-7.5 %
Goodwill	823,009	820,844	0.3 %
Contract assets	1	1	0.0 %
Prepaid expenses	10,950	8,573	27.7 %
Deferred tax assets	27,417	28,109	-2.5 %
Total non-current assets	1,349,466	1,365,143	-1.1 %

Overall, **non-current assets** are only slightly below the level at the end of fiscal 2022. **Property, plant and equipment and intangible assets** decreased by € 19,898k, in particular as a result of depreciation and amortization (€ 80,522k) exceeding capital expenditure (€ 51,749k) and additions to rights of use under lease agreements (€ 9,998k). Goodwill is higher than in the previous year due to exchange rate effects. Deferred tax assets are € 692k lower than in the previous year. Additional deferred tax assets of

€ 15,000k were recognized on interest carryforwards due to the positive planning of taxable income. In connection with the LTIP program (partial settlement, remeasurement and further additions to entitlements), deferred tax assets of € 17,687k were reversed.

Development of current liabilities

in €k	September 30, 2023	December 31, 2022	Change
Trade accounts payable	71,710	80,324	-10.7 %
Liabilities due to banks	1	0	
Liabilities to related parties	5,371	6,570	-18.2 %
Income tax liabilities	22,748	19,471	16.8 %
Contract liabilities	80,513	74,375	8.3 %
Other provisions	57	594	-90.4 %
Other financial liabilities	70,888	97,657	-27.4 %
Other non-financial liabilities	26,858	20,267	32.5 %
Total current liabilities	278,146	299,258	-7.1 %

Current liabilities decreased by a total of € 21,112k compared with the end of the 2022 financial year.

Other financial liabilities decreased by € 26,769k, mainly due to the lower subsequent measurement of a purchase price liability in connection with the acquisition of STRATO AG. The € 6,591k increase in **other non-financial liabilities** resulted from higher VAT and payroll and church tax liabilities.

Development of non-current liabilities

in €k	September 30, 2023	December 31, 2022	Change
Liabilities to related parties	1,185,000	1,245,000	-4.8 %
Deferred tax liabilities	38,991	38,470	1.4 %
Contract liabilities	1,630	1,099	48.3 %
Other provisions	3,552	4,203	-15.5 %
Other financial liabilities	113,104	115,655	-2.2 %
Total non-current liabilities	1,342,277	1,404,427	-4.4 %

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 € 60,000k.

Development of equity

in T€	September 30, 2023	December 31, 2022	Change
Issued capital	140,000	360	38788.9 %
Reserves	-149,200	-136,644	9.2 %
Currency translation adjustment	-21,935	-26,019	-15.7 %
Equity attributable to shareholders of the parent company	-31,135	-162,303	-80.8 %
Non-controlling interests	135	123	9.8 %
Total equity	-31,000	-162,180	-80.9 %

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** as of September 2023 were the addition of the consolidated profit for the first 9 months of 2023 in the amount of € 150,251k and the valuation of the employee stock option programs in the amount of € 5,261k. The payment of the employee stock option program LTIP in the amount of € 13,630k and the reversal of deferred tax assets on the employee stock option program LTIP in the amount of € 14,798k recognized directly in equity reduced other reserves. Overall, the Group's equity decreased by € 131,180k from € -162,180k as of December 31, 2022 to € -31,000k as of September 30, 2023.

Net debt (i.e., the balance of liabilities to related parties, receivables from related parties and cash and cash equivalents) decreased by € 104,796k from € 1,197,166k as of December 31, 2022 to € 1,092,370k as of September 30, 2023.

Multi-period overview: Development of key balance sheet items

in €k	December 31, 2020	December 31, 2021	December 31, 2022	September 30, 2023
Balance sheet total	1,488,536	1,471,668	1,541,505	1,589,423
Cash and cash equivalents	105,805	49,520	26,440	25,904
Trade accounts receivable	35,572	49,526	66,628	79,796
Property, plant and equipment	219,908	271,782	322,286	315,750
Intangible assets	220,960	201,437	178,826	165,464
Goodwill	806,893	825,261	820,844	823,009
Liabilities to related parties	1,466,000	1,315,000	1,245,000	1,185,000
Issued capital	360	360	360	140,000
Equity	-326,166	-231,708	-162,180	-31,000
Equity ratio	-21.9 %	-15.7 %	-10.5 %	-2.0 %

Management Board's overall assessment of the business situation

IONOS Group SE looks back on a very successful 9 months in 2023, which is reflected in a positive development of revenues, but also in a significant increase of the paying customer base by 134,000 customers in the first 9 months of 2023. This also underlines the success of our branding campaign launched in fiscal year 2021 and further intensified in 2022 and 2023, with which IONOS Group continues to tap into today's target markets with Web Presence & Productivity products, but also with cloud solutions. With this customer growth, a revenue growth of 11.0% to € 1,058,709k and an increase in EBITDA of +18.0% to € 305,395k, IONOS has developed very positively in the first 9 months of 2023. However, EBITDA as of September was influenced by a special effect due to the recharging of IPO expenses from the previous year to the shareholders United Internet and Warburg Pincus in the amount of € 11,675k.

Adjusted EBITDA increased by € 30,571k to € 306,325k in the first 9 months, mainly due to a significant increase in gross profit (+€ 61,794k) of around +13.9% to € 506,267k. At 47.8%, the gross margin was 1.2 percentage points higher than in the previous year. This development is attributable to a slight change in the product mix and gains in efficiency. On the other hand, selling and administrative expenses excluding depreciation and amortization increased by € -16,430k and € -9,538k, respectively, primarily as a result of higher personnel expenses in connection with new hires and salary adjustments. In the first 9 months of 2023, the cost of purchasing services for marketing/advertising remained at approximately the same level as in the previous year (€ - 436k).

Based on the effects described above, the adjusted EBITDA margin remained unchanged at 28.9% as of September 2023 (September 2022: 28.9%), as expected.

Based on the sales and earnings figures achieved in the first 9 months 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 future corporate development. Accordingly, based on the continuation of the overall economic growth in the core sales markets of the IONOS Group in general, which is also forecast by the IMF, and the further advancing digitalization 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

On October 02, 2023, an additional payment of € 1,490k was made to the equity of Street Media GmbH, Berlin. As of September 15, 2023, 28.7% of the company Street Media GmbH was acquired and included in the consolidated financial statements as of September 30, 2023 for the first time as an associated company. Even after the additional payment to equity, the shareholding remains unchanged at 28.7%.

Beyond this, no further events of particular significance occurred in the IONOS Group after the reporting date of September 30, 2023 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.

Overall statement by the Executive Board on the Group's risk and opportunity situation

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

The overall risk and opportunity situation remained largely stable in the first 9 months of 2023 compared with the risk and opportunity reporting in the consolidated financial statements for 2022. No risks jeopardizing the continued existence of the IONOS Group were discernible in the reporting period or at the time of preparing this quarterly statement, neither from individual risk positions nor from the overall risk situation.

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

Following the successful conclusion of the first 9 months, IONOS Group SE has specified its forecast for 2023. The company continues to expect a currency-adjusted increase in revenue of around 10% to around € 1.4 billion compared to the previous year. Adjusted EBITDA is expected to increase by around 13% (previously: around 10%) to around € 390 million and the adjusted EBITDA margin to be around 27.5% (previously: at least 27%).

Forward-looking statements

This quarterly statement contains forward-looking statements based on current expectations, beliefs and projections of IONOS' Executive Board 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 do so and has no intention of adjusting or updating the forward-looking statements made in this interim report.

Notes to the Quarterly Statement

Company information

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 line with internal management reporting, there is a single operating segment.

IONOS Group SE has its registered office in 56410 Montabaur, Elgendorfer Straße 57, Germany, and is registered with the local court there 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 September 30, 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 consolidated principles

The quarterly statement of IONOS Group SE as of September 30, 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).

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

Change in the presentation of the cash flow statement

In order to better reconcile EBITDA and free cash flow, the Group has adjusted the cash outflows for interest in the statement of cash flows and no longer presents them in operating activities but in cash flows from financing activities. As interest expense is not included in EBITDA - which is a measure of operating profit and excludes interest, taxes, depreciation and amortization - the inclusion of interest paid in operating cash flow may distort the presentation of actual operating performance.

The reclassification of interest payments to the financing section of cash flow provides a better presentation of the company's financial results and achieves greater consistency between EBITDA and free cash flow. In addition, the interest portion has been eliminated from the repayments of lease liabilities, which now allows the entire outflow from interest payments to be presented in one line. This measure thus contributes to a more transparent presentation of the Company's financial performance and clarifies the Company's ability to repay its debt.

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 the quarterly financial statement.

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.

As of September 15, 2023, 28.7% of the company Street Media GmbH, Berlin, was acquired and included in the consolidated financial statements as an associated company for the first time.

Content Management Support GmbH, Cologne (100.0%) was liquidated in the reporting period.

Beyond that, 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 §317 of the German Commercial Code (HGB) or reviewed by an auditor.

INTERIM FINANCIAL STATEMENT AS OF SEPTEMBER 30, 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 September 30, 2023 in €k

	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	25,904	26,440
Trade accounts receivable	79,796	66,628
Receivables from related parties	72,097	27,964
Contract assets	7,735	8,128
Inventories	154	162
Prepaid expenses	27,864	23,779
Other financial assets	17,099	12,377
Other non-financial assets	585	966
Income tax claims	8,723	9,918
	239,957	176,362
Non-current assets		
Investments in associated companies	2,980	2,423
Receivables from finance leases	2,934	3,178
Other financial assets	961	903
Property, plant and equipment	315,750	322,286
Intangible assets		
Other intangible assets	165,464	178,826
Goodwill	823,009	820,844
Contract assets	1	1
Prepaid expenses	10,950	8,573
Deferred tax assets	27,417	28,109
	1,349,466	1,365,143
Total assets	1,589,423	1,541,505
LIABILITIES		
Current liabilities		
Trade accounts payable	71,710	80,324
Liabilities to related parties	5,371	6,570
Income tax liabilities	22,748	19,471
Contract liabilities	80,513	74,375
Other provisions	57	594
Other financial liabilities	70,888	97,657
Other non-financial liabilities	26,858	20,267
	278,146	299,258
Non-current liabilities		
Liabilities to related parties	1,185,000	1,245,000
Deferred tax liabilities	38,991	38,470
Contract liabilities	1,630	1,099
Other provisions	3,552	4,203
Other financial liabilities	113,104	115,655
	1,342,277	1,404,427
Total liabilities	1,620,423	1,703,685

	September 30, 2023	December 31, 2022
EQUITY		
Issued capital	140,000	360
Reserves	-149,200	-136,644
Currency translation adjustment	-21,935	-26,019
Equity attributable to shareholders of the parent company	-31,135	-162,303
Non-controlling interests	135	123
Total equity	-31,000	-162,180
Total liabilities and equity	1,589,423	1,541,505

IONOS Group SE, Montabaur

Consolidated statement of comprehensive income

for the period from January 1 to September 30, 2023 in €k

	2023 January - September	2022 January - September
Revenue from contracts with customers	1,025,485	917,479
Revenue from contracts with related parties	33,224	36,160
Total revenue	1,058,709	953,639
Cost of sales	-552,442	-509,166
Gross profit	506,267	444,473
Selling expenses	-216,457	-203,213
General and administrative expenses	-68,667	-59,751
Impairment losses on receivables and contract assets	-9,085	-6,111
Other operating income / expenses	12,816	-1,391
Operating result	224,873	174,007
Financial result	-34,774	-63,804
Share of the profit or loss of associates accounted for using the equity method	-50	214
Pre-tax result	190,048	110,417
Income taxes	-39,784	-32,463
Net income	150,263	77,954
thereof attributable to		
non-controlling interests	12	596
shareholders of IONOS Group SE	150,251	77,358
Result per share of shareholders of IONOS Group SE (in €)		
basic	1.21	214.88
diluted	1.21	214.88
Weighted average of outstanding shares (in thousand units)		
basic	124,143	360
diluted	124,143	360
Reconciliation to total comprehensive income		
Net income	150,263	77,954
Items that may be reclassified subsequently to profit or loss		
Currency translation adjustment - unrealized	4,084	-1,871
Other comprehensive income	4,084	-1,871
Total comprehensive income	154,347	76,083
thereof attributable to		
non-controlling interests	12	596
shareholders of IONOS Group SE	154,335	75,487

IONOS Group SE, Montabaur

Consolidated cash flow statement

for the period from January 1 to September 30, 2023 in €k

	2023 January - September	2022 January - September*
Net income	150,263	77,954
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of intangible assets and property, plant and equipment	65,168	64,727
Depreciation and amortization of assets resulting from business combinations	15,354	20,123
Employee expenses from share-based payment programs	4,120	2,609
Payments from share-based payment programs	-13,630	0
Share of the profit or loss of associates accounted for using the equity method	50	-214
Distributed profits of associated companies	156	205
Other non-cash items from changes in deferred tax position	-13,585	-15,469
Income/Loss from the sale of intangible assets and property, plant and equipment	-153	121
Non-cash change in purchase price derivative	-29,852	-3,768
Interest expenses	66,108	67,790
Operative cash flow	243,999	214,078
Change in assets and liabilities		
Change in receivables and other assets	-15,593	-27,558
Change in inventories	9	-73
Change in contract assets	392	-258
Change in prepaid expenses	-6,462	-8,923
Change in trade accounts payable	-8,614	4,420
Change in receivables from/liabilities to related parties	-1,848	3,656
Change in other provisions	-47	1,413
Change in income tax liabilities	3,277	17,716
Change in other liabilities	13,820	7,178
Change in contract liabilities	6,670	7,953
Change in assets and liabilities, total	-8,396	5,524
Cash flow from operating activities	235,603	219,602
Cash flow from investing activities		
Cash payments to acquire property, plant and equipment and intangibles	-51,749	-77,206
Cash receipts from sales of property, plant and equipment and intangibles	1,234	869
Settlement of contingent purchase price from acquisition of IONOS Cloud GmbH	-4,416	0
Payments for the acquisition/capital increase of associated companies	-763	-61
Cash payments/receipts from the sale of other financial assets	-56	1,055
Payments within the framework of cash pooling	-39,127	-11,211
Payments related to other financial assets	0	-14
Cash flow from investing activities	-94,877	-86,568

	2023 January - September	2022 January - September*
Cash flow from financing activities		
Payments to minority shareholders for increased shareholdings in InterNetX Holding GmbH	0	-15,182
Dividend payments to non-controlling interests	0	-799
Cash proceeds from loans	1	302
Repayment of loans	-60,000	-50,001
Redemption of lease liabilities	-10,937	-8,819
Payments for interest on loans	-70,467	-67,790
Cash flow from financing activities	-141,403	-142,298
Net decrease in cash and cash equivalents	-677	-9,264
Cash and cash equivalents at beginning of period	26,440	49,520
Currency translation adjustments of cash and cash equivalents	141	2,572
Cash and cash equivalents at end of period	25,904	42,828

*: Prior year adjusted. The changes are described in the notes to the quarterly statement.

IONOS Group SE, Montabaur

Consolidated statement of changes in equity

for the period from January 1 to September 30, 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	77,358	0	77,358	596	77,954
Other comprehensive income	0	0	-1,871	-1,871	0	444
Total comprehensive income	0	77,358	-1,871	75,487	596	78,398
Employee stock ownership program	0	2,609	0	2,609	0	2,609
Transactions with non-controlling interests	0	3,023	49	3,072	-2,273	799
Profit distributions	0	-9	0	-9	-799	-808
Balance as of September 30, 2022	360	-130,922	-22,582	-153,144	119	-150,710
Balance as of January 1, 2023	360	-136,644	-26,019	-162,303	123	-162,180
Net income	0	150,251	0	150,251	12	150,263
Other comprehensive income	0	0	4,084	4,084	0	4,084
Total comprehensive income	0	150,251	4,084	154,335	12	154,347
Capital increase from company funds	139,640	-139,640	0	0	0	0
Employee stock ownership program	0	-23,167	0	-23,167	0	-23,167
Balance as of September 30, 2023	140,000	-149,200	-21,935	-31,135	135	-31,000

FINANCIAL CALENDAR

March 30, 2023	Publication of the 2022 annual financial statement
May 10, 2023	Quarterly Statement Q1 2023
May 15, 2023	Annual General Meeting 2023, Alte Oper / Frankfurt/Main
August 3, 2023	6-Month Report 2023
November 10, 2023	Quarterly Statement Q3 2023

IMPRINT

Publisher and Copyright © 2023

IONOS Group SE
Elgendorfer Str. 57
56410 Montabaur
Deutschland
www.ionos-group.com

Contact

Investor Relations
E-Mail: investor-relations@ionos-group.com

November 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

Elgendorfer Straße 57
56410 Montabaur

www.ionos-group.com