IONOS

Half-year 2023 Results

WEBCAST PRESENTATION | 3 August 2023

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In the interests of clear and transparent reporting, financial presentations, the annual financial statements and interim statements of IONOS Group SE, as well as anyad-hoc announcements pursuant to Art. 17 MAR and other financial information contain additional financial performance indicators to those required under International Financial Reporting Standards (IFRS), such as EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, EBIT and free cash flow. Information on the use, definition and calculation of these performance measures is provided in the Annual Consolidated Financial Statements 2022 of IONOS Group SE or is explained in an associated footnote.

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Agenda

Achim Weiss

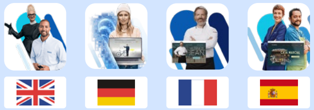
CEO

Britta Schmidt

CFO

- Business Update
- Financial Update
- ESG
- Outlook
- Projects & milestones
- A quick look at AI
- Q&A

The Leading European SMB digitalization partner & trusted Cloud enabler



Leading brand position boosted further through brand investment

Leveraging a world class brand across our core markets

~€72mm
(10%)
Cloud Solutions revenue

Significant investments in past years

EBITDA reinvested into growth to capture unique market opportunity[2]

Web Presence & Productivity

~€157mm
(22%)
Aftermarket business revenue[3]

Augmented by our high growth aftermarket business

European market leader[2]

~22mm
Domains listed and 10mm domains parked

~€457mm
(65%)
Web Presence & Productivity excl. Aftermarket revenue

Leading Web Presence & Productivity player

#1 #2
Market positions in 6 core European markets

€100mm+ annual revenue in North America

Exceptional EBITDA margins and cash conversion rates paired with strong growth

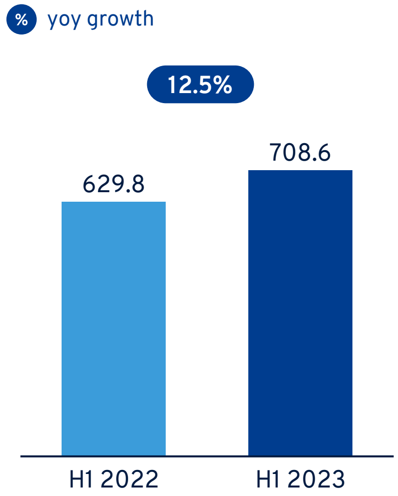
~€709mm total revenue[1] in H1 2023

H1 2023 figures

[1] Total revenue including ~€23mm revenue (=3%) from Hosting Services to UI Group companies; [2] Company Data Analysis based on the number of domains listed for sale on sedo.com; [3] Refers to revenue from sedo

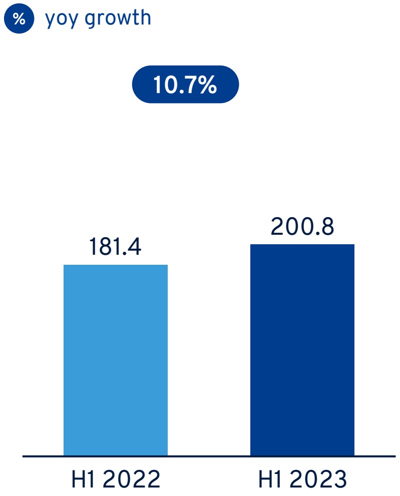
Successful first half-year 2023

Revenue (€mm)



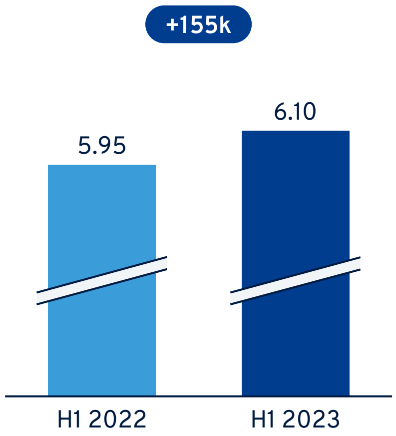
External revenues growing 13.1%

Adj. EBITDA (€mm)



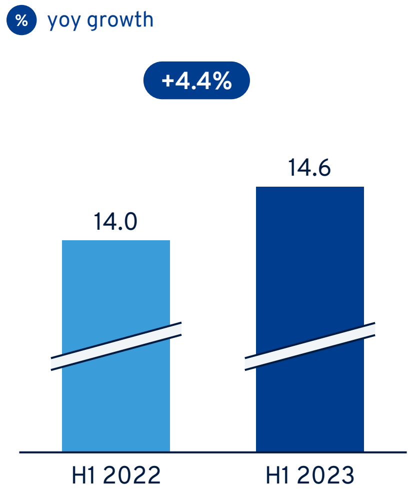
Adj. EBITDA margin of 28.3% (H1/2022: 28.8%)

Customers (EoP in mm)



Churn already at best-in-class level of ~1% per month

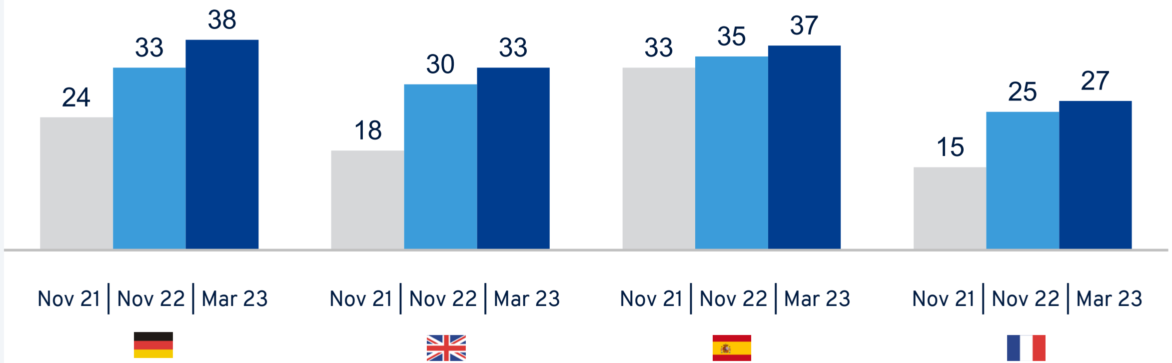
ARPU (in € per month)



ARPU growth through successful up-and cross selling

Brand investment has already started to pay off

Brand awareness[1]



Commentary

- Brand investments of €25mm in H1 2023 (prev. year: €19mm)
- Brand investments in FY 2023E of €65-70mm expected; decreasing as % of total revenue going forward
- Brand investments are already contributing to aided and unaided brand awareness
- Positive impact on all sales channels
- Investments will continue to crystalize value in the coming years

[1] Brand awareness (aided) for the IONOS brand, based on Interrogare survey - brand awareness data for self-employed/SMBs

All business areas contributing to strong and sustainable revenue growth

Commentary

- **Web Presence & Productivity** with strong growth of 11.9% yoy in Q2 2023 and 12.7% yoy at constant currency (7.7% yoy excl. Aftermarket or 8.1% yoy excl. Aftermarket at constant currency)
- **Cloud Solutions** growing 12.2% yoy in Q2 2023 (16.0% yoy excl. initial project with one large customer in 2022 at constant currency)
- FX with a negative impact of 0.7pp on total revenue growth in Q2 2023 and 0.5pp on revenues excl. Aftermarket

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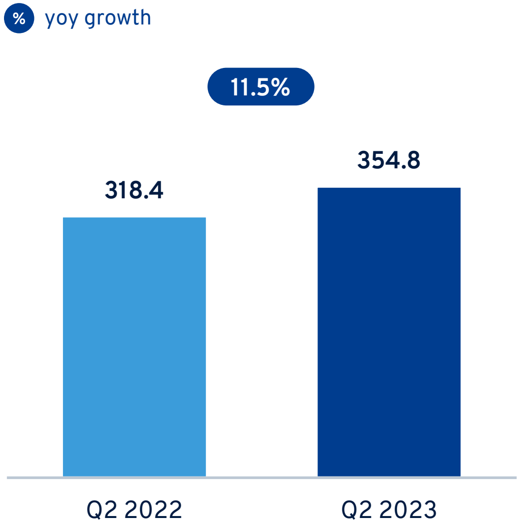
Strong Q2 2023 – lower marketing investments boosting margin

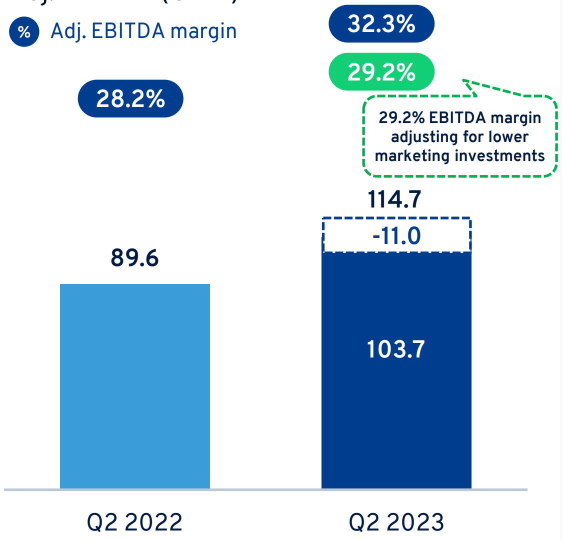
Strong revenue growth

Total revenue (€mm)



Attractive profitability

Adj. EBITDA (€mm)



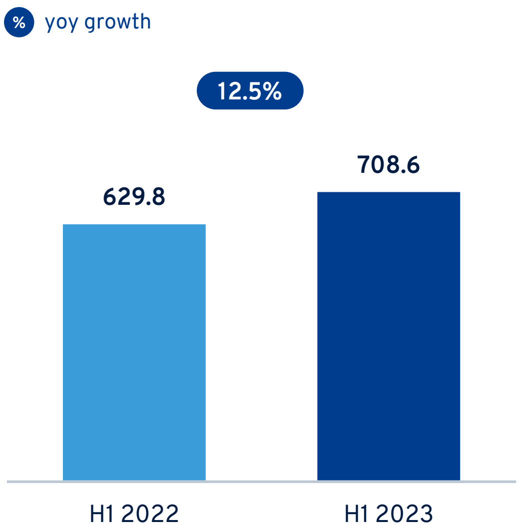
Commentary

- Revenue growth of 11.5% yoy (revenue growth excl. Aftermarket at 7.8% yoy)
- Total marketing investments €11m lower, compared to previous year, due to different phasing of the brand investments
- 29.2% EBITDA margin adjusting for lower marketing investments
- Approx. 0.4pp margin dilution from Aftermarket growth

Very solid first half-year 2023

Strong revenue growth

Total revenue (€mm)



Attractive profitability

Adj. EBITDA (€mm)

Commentary

- Revenue growth of 12.5% yoy (revenue growth excl. Aftermarket at 6.2% yoy)
- Total marketing investments in H1 2023 at the same level as in the prev. year – therefore growing disproportionally to revenues
- 28.3% EBITDA margin in H1 2023, despite approx. 0.7pp margin dilution from Aftermarket growth, driven by higher gross margins from product mix effects and economies of scale

Well-invested asset base with low and predictable maintenance capex requirements

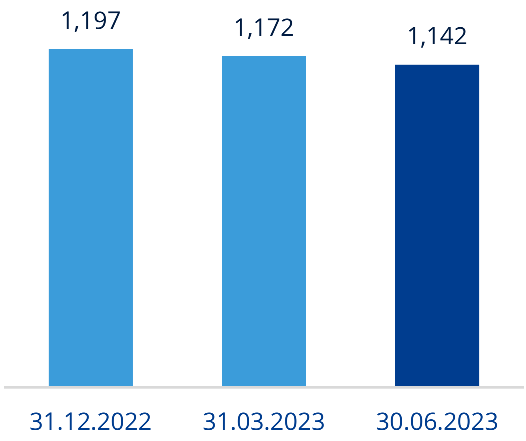
Commentary

- Total Capex as % of total revenue decreased to 4.2% (prev. year: 7.7%; FY 2022: 7.5%)
- Low and predictable maintenance capex requirements
- Majority of growth capex is related to Cloud Solutions
- Expected CAPEX for FY 2023E: ~€100mm (CAPEX/total revenue of ~7%)
- Increasing CAPEX in H2 2023, due to pending deliveries

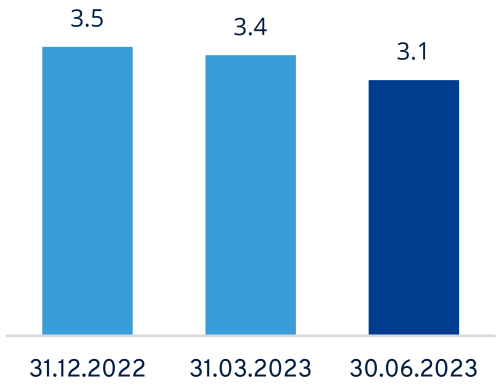
Capex figures refer to capex excl. leasing
[1] Maintenance capital expenditures (excl. additions to right-of-use assets) include capital expenditures for replacements in the ordinary course of business;
[2] Growth capital expenditures defined as total capex, excluding maintenance capex

Debt at fixed interest rates without refinancing risk

Net Debt[1] (in €mm)



Leverage[2] (Net debt/Adj. EBITDA)



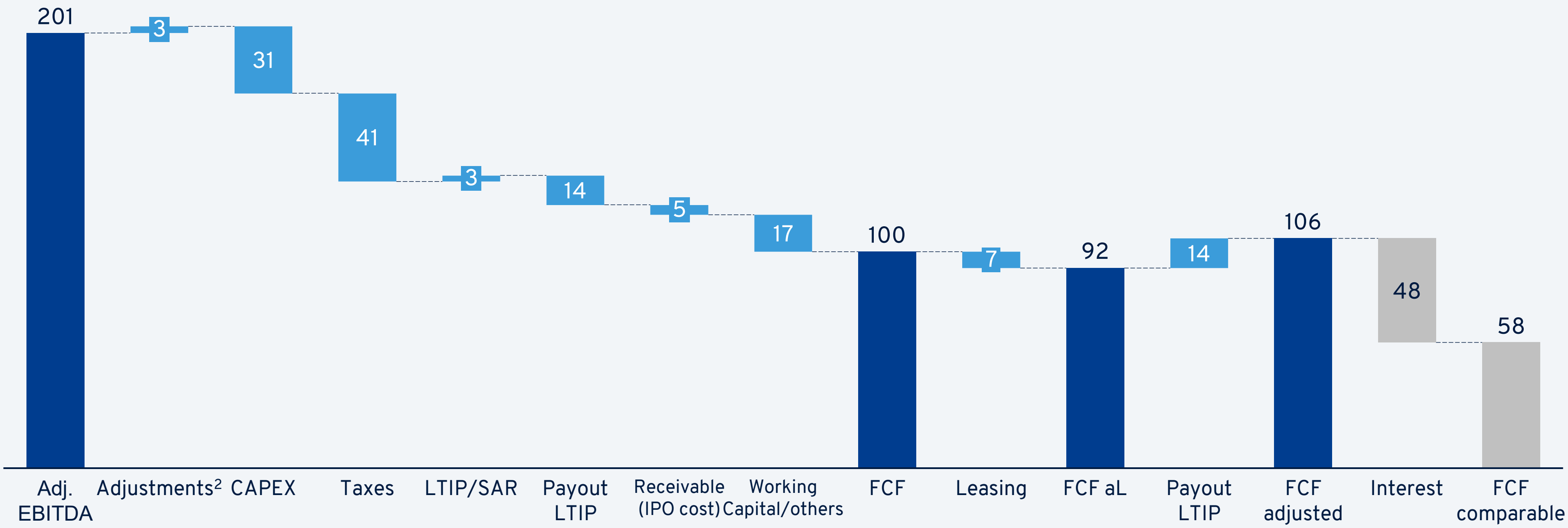
Commentary

- Net debt of €1,142mm[1] as of June 30, 2023, comprising mainly a shareholder loan from United Internet AG
- Further repayment of the shareholder loan in H1 2023 (€30mm)
- Fixed interest rate of 6.75%, without covenants and maturity on December 15, 2026
- Leverage[2] of 3.1x as of June 30, 2023

[1] Net Debt is the sum of non-current liabilities to related parties (30.06.2023: €1,215mm) and current liabilities to related parties (30.06.2023: €2mm), less receivables from related parties (30.06.2023: €53mm), less cash and cash equivalents (30.06.2023: €22mm);
[2] Calculated as Net Debt / Adj. EBITDA LTM

Strong and highly predictable Free Cash Flow generation

H1 2023 adjusted EBITDA to (adjusted) Free Cash Flow[1](FCF) bridge (in €mm)



The cash flow statement was changed: Interest payments were reclassified from cash flows from operating activities to cash flows from financing activities. The changes are explained in more detail in the 6-Month Report 2023
Free cash flow (FCF) is defined as cash flow from operating activities, less capital expenditures, plus payments from disposals of intangible assets and property, plant and equipment;
[2] Adjustments for either non-recurring items or non-operating items (i.e. IPO costs, LTIP, stand-alone costs)

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We are commited to environmental sustainability

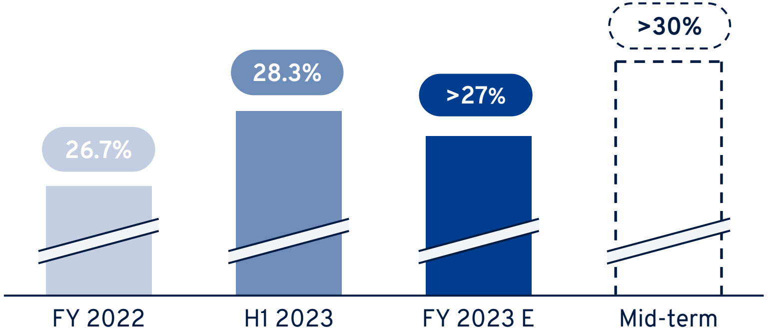
Our new Climate Strategy 2030 includes a long-term plan for the future of data centres and office targets

Type	Scopes	Levers	Target
Data centres	2	Renewable energy	100% renewable electricity sourced long-term
	1 & 2	Renewable energy	>55% reduction in emissions by 2030 relative to 2019
	1	Renewable energy	50% data centres with low-carbon energy generation onsite (photovoltaics)
	1 & 2	Carbon offsetting	Offset 100% unavoidable emissions annually whilst committing to reduce further over longer-term
	3	Value-chain monitoring	Commit to measuring our carbon footprint and reducing indirect carbon emissions in areas of most significant impact
	3	Supplier engagement	90% data centre suppliers by spend commit to climate targets by 2030
Offices	2	Renewable energy	100% renewable electricity in offices by 2030
	1	Low-carbon vehicles	100% electric vehicles in company carpool by 2030

We are reconfirming our outlook for FY 2023[1]

	FY 2023E
Total revenue growth	**~10%**
Web Presence & Productivity	8 – 10%
Cloud Solutions	16 – 20 %
Adj. EBITDA margin	**>27%**
Leverage EoY (Net debt/Adj. EBITDA)	<3.0x

Expected development adj. EBITDA margin



Commentary

- Expectations for FY 2023 are fully in-line with our previous guidance
- Adj. EBITDA margin is expected to be lower in H2 2023, due to higher marketing investments especially in Q4 2023
- Mid-term outlook unchanged

[1] Outlook is based on constant currency

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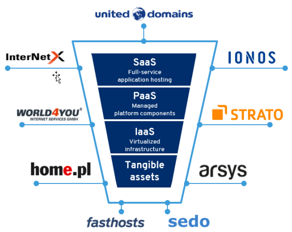
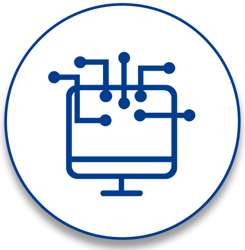
Our major projects and milestones

Further expansion of our Internet Factory



Cloud: IaaS has nearly all features in place, focus on PaaS



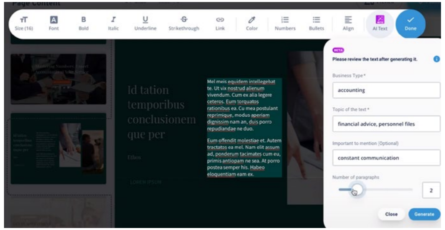
Continuous focus on our successful Wordpress strategy

Release of AI features through the whole product suite

AI is a big opportunity for IONOS – both externally and internally

Products

- MyWebsite Text Generation available since May 2023 ✓
- AI assisted newsletter tool just launched ✓
- AI product suite



Customer Facing

- AI based domain search ✓
- AI based features
- Up- and cross selling
- Customer interaction

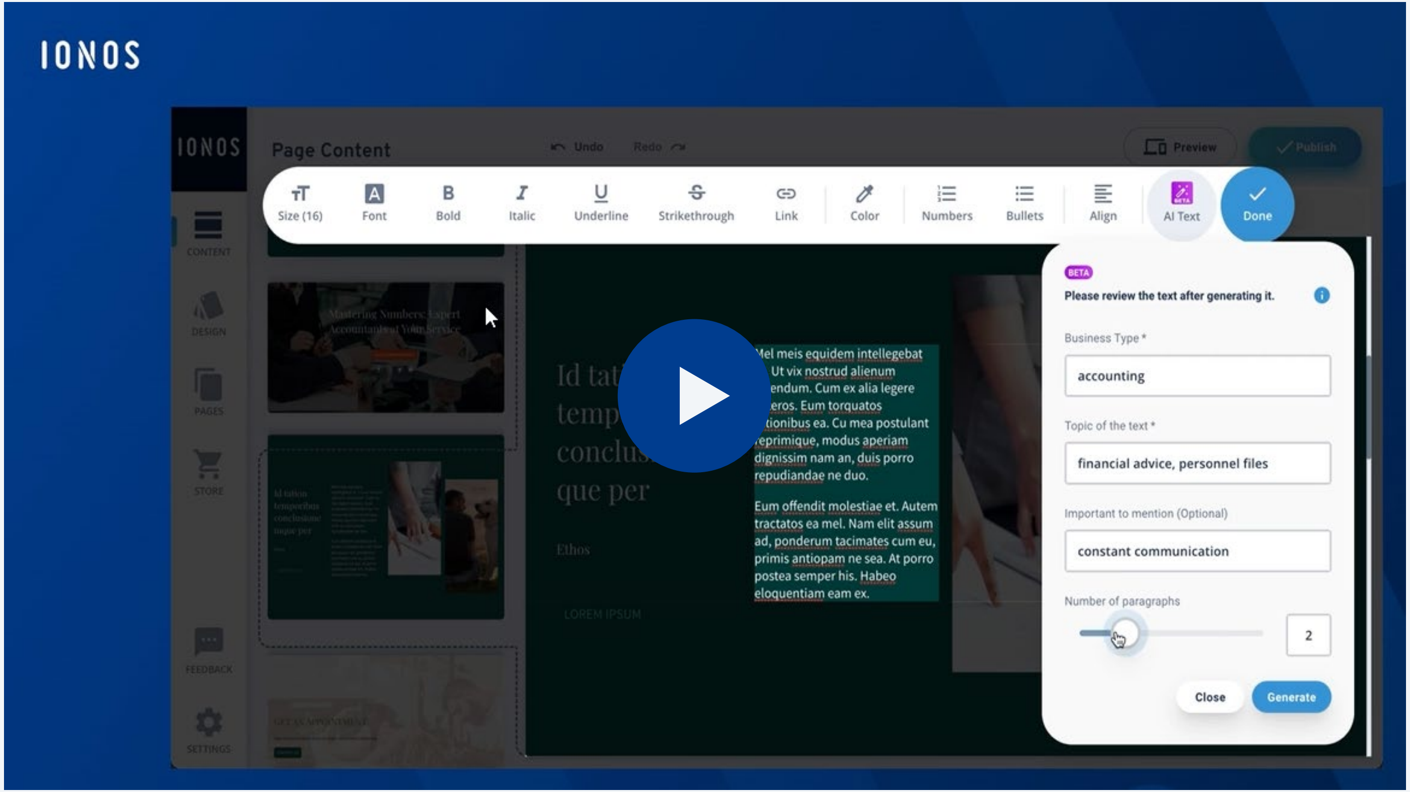
For IONOS

- Github Copilot ✓
- Text & image generation
- Fraud Detection
- Security
- Translation services
- Financial modelling

GitHub Copilot

IONOS

AI powered content generation in MyWebsite



Summary & conclusion

RESILIENCE	Sustainable and resilient business with high recurring revenues
CAPEX	High visibility in CAPEX needs for the coming years, given well-funded asset base
AFTERMARKET	Slow-down of Aftermarket growth is anticipated and will dilute the EBITDA margin less in the future
GROWTH INVESTMENTS	Brand investments expected to peak in FY 2023 and to stay at this level, which will support margin expansion going forward
CLOUD	Opportunity for future growth with majority of the investments already made
PRODUCTS	Product portfolio re-designed for cross- and upsell and seamless expansion
COMPETITION	Competitive landscape: IONOS is ready to take share
GROWTH POSITION	We are very well positioned for future growth

Q&A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Appendix

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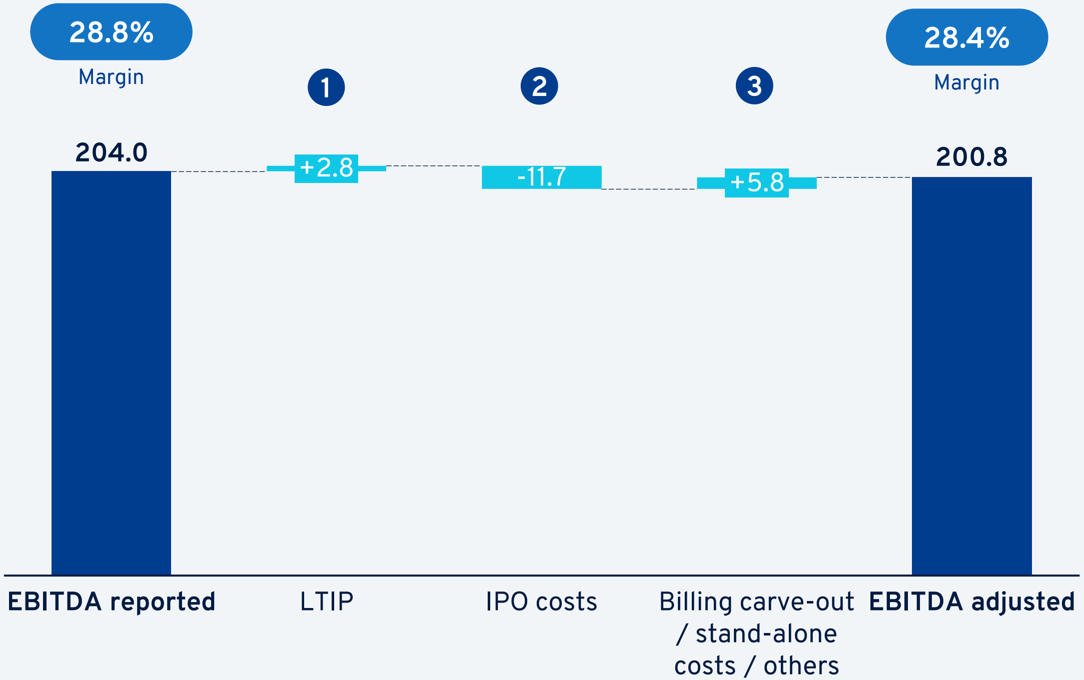
Financial Overview

In €mm	Q2 2022	Q2 2023	Change yoy	H1 2022	H1 2023	Change yoy
Revenue	318.4	354.8	+11.5%	629.8	708.6	+12.5%
Adj. gross profit[1]	209.0	231.2	+10.6%	418.5	455.3	+8.8%
Adj. EBITDA	89.6	114.6	+27.9%	181.4	200.8	+10.7%
EBIT	55.4	84.5	+52.7%	113.2	150.4	+32.8%
Adjusted EBT (excl. non-cash valuation effect from a contingent purchase price liability**)**	33.0	62.8	+90.4%	68.5	107.1	+56.3%
Adjusted EPS in €/share (based on the new share count of 116.1mm as of today, excl. non-cash valuation effect from a contingent purchase price liability)	-	-	-	0.39	0.68	+74.4%

[1] Adjusted gross profit is calculated as revenue less cost of sales (excl. T&D and D&A)

EBITDA to adj. EBITDA bridge

H1 2023 EBITDA, adjustments and adj. EBITDA (in €mm)



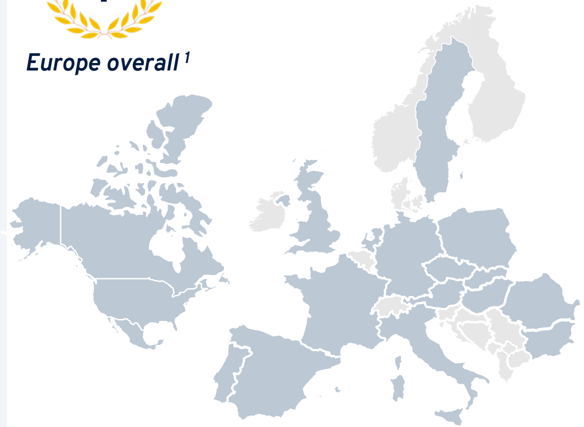
Commentary

1. Employee stock ownership program
2. Costs in connection with the IPO, which have been charged to the selling shareholders (net effect)
3. Costs of the billing carve-out from United Internet Group, the establishment of IONOS as an independent group and others

FY 2022 delivered strong and sustainable growth, profitability and cash generation

Leading partner for digitalization, active in 18 markets across Europe and North America, accessible worldwide

Europe overall [1]



€1.3bn total revenue (17% yoy growth)
High revenue visibility and predictability

~80% recurring revenue[2]
Subscription-based business model

€346mm adj. EBITDA[3] (27% margin)
Attractive profitability

~90% cash conversion rate[4]
Highly cash generative

>6mm customers
Unparalleled European SMB customer access

NPS® of >34[5]
High customer loyalty

11x+ CLTV/CAC[6]
Targeted and efficient customer acquisition

~12-18 months payback[7]
Quick and predictable recovery of CAC

Based on FY 2022 figures
[1] Refers to webhosting market share based on company data analysis and HostAdvice; [2] Equivalent to total revenue excl. revenue from Aftermarket business (sedo); [3] FY2022, Adj. EBITDA is defined as the Group's EBITDA adjusted for either non-recurring items or non-operating items. [4] Defined as adj. EBITDA less maintenance capital expenditures divided by adj. EBITDA. Maintenance capital expenditures = capital expenditures for replacements and in the ordinary course of business; [5] NPS as per Q4 2022. Net Promoter® and NPS® are registered trademarks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld. Net Promoter Score[SM] is a service mark of Bain & Company, Satmetrix Systems and Fred Reichheld. [6] Refers to IONOS brand. Customer Acquisition Cost (CAC) calculated as the amount of recurring and variable marketing expenses (in €) divided by the number of customers gained over a period, Customer Lifetime Value (CLTV) calculated as (1/churn)*Average Revenue Per Customer*Gross Profit contribution; [7] incl. discounts.

Comprehensive product portfolio, first class customer care and infrastructure

IONOS

Strong customer support organisation
(Personal Service Agent & 24/7 multi-channel support)

WEB PRESENCE & PRODUCTIVITY

One-stop-shop for all digitalization needs of SMBs

.info .com .biz

Domains | E-mail & Office | Web Hosting & Sitebuilder | E-commerce | Server Hosting | Value Added Services

SMBs typically spending €10-20 per month

FY22 revenue: ~90%[1]

CLOUD SOLUTIONS

Trusted European Cloud provider for SMBs and enterprises

Public Cloud | Private Cloud | Bare Metal Cloud | Managed Services

SMBs, mid-market & public sector, typically spending €300-500+ per month

FY22 revenue: ~10%[1]

Internet factory

Unified product platforms | Joint group developments | Technology stack with >100,000 servers in 31 data centers[2]

- ✓ **Broad portfolio**
- ✓ **Open-source**
- ✓ **Future-oriented design**
- ✓ **State-of-the-art**
- ✓ **Scalable**

Source: Company information
[1] Refers to revenue from contracts with customers; [2] o/w 11 fully owned and 20 co-location data centers, several of them geo-redundant

IONOS

Mid-term Outlook (1/2)

		2022A	2023E	Mid-term target (4-5 years)	Commentary

Total Revenue	Group	€1,293mm (17.2% yoy)
		7.6% excl. Aftermarket
			~10% yoy	~10% CAGR	**Mid-term:** We expect to grow at ~10% CAGR, driven by
					• **WP&P (incl. Aftermarket): High single digit CAGR**
					  • Continued strength in cross-selling and up-selling
					  • Brand marketing to cement the leadership of our brands
					  • Selective geographical expansion
					  • Aftermarket business growth gradually normalising to be in-line with the rest of WP&P business
					• **Cloud Solutions: ~20% CAGR**
					  • Growth acceleration driven by investments in the past years

	WP&P (incl. Aftermarket)	€1,113mm (17.1% yoy)	8 – 10% yoy	High single digit CAGR	
	Cloud Solutions	€132mm (20.0% yoy)	16 – 20% yoy	~20% CAGR	
	Hosting Services to UI Group companies	~€50m		Mid single digit CAGR	
Adjusted EBITDA margin	Group	26.7%	>27%	Increasing to 30%+	**Mid-term:** We expect to progressively exceed 30% Adj. EBITDA margin, driven by multiple levers becoming effective from 2023 onwards • Operating leverage and efficiency initiatives (e.g. internet factory) • Increasing economies of scale at Cloud Solutions • Brand investments in 2023 of €65-70mm; decreasing as % of total revenue going forward • Normalising growth in Aftermarket business, which has lower margins

Note: FY2023 and onwards on a constant currency basis

Mid-term Outlook (2/2)

		2022A	2023E	Mid-term target (4-5 years)	Commentary
CAPEX	Main-tenance	€38.3mm	~€100mm	~8% CAGR	**Mid-term:** Total revenue outgrowing maintenance capex growth, driven by the mix effect of lower capital-intensive Aftermarket business
	Growth	€58.8mm		Decreasing to ~4% of total revenue	**Mid-term:** We expect to trend down to ~4% of total revenue, driven by continued efficiencies on our server economics
D&A	Group	€112mm	~100% of total CAPEX		
Effective tax rate	Group	33.6% of EBT		Decreasing to ~30% of EBT	**Mid-term:** We expect effective tax rate to go down as % of EBT due to deleveraging of our capital structure
Cash flow from operating activities	Group	55% of adj. EBITDA		Increasing to ~65%+ of adj. EBITDA	**Mid-term:** Driven by increasing adj. EBITDA margin
Capital structure	Group	3.5x	<3.0x by end of 2023 ~2.5x by end of 2024		Shareholder loan at fixed interest rate of 6.75% p.a., maturity on December 15, 2026, and without covenants We intend to continue to focus on deleveraging via debt repayments
Environmental ambitions	Group	Power Usage Effectiveness (PUE) of 1.35 by 2024, down from 1.41 as of 2021[1] and we will continue to source 100% renewable electricity longer-term Reduction of data centre carbon emissions by 55% from 2019 levels by 2030 and 50% on-site generation of renewable energy (e. g. photovoltaics) Energy optimisation for all IT components included in the Energy Management System (ISO 50001) by 2024			

Note: 2022 on a reported basis, 2023 and onwards on a constant currency basis; [1] Power usage effectiveness (PUE): Defined as total energy consumption per data center, divided by IT energy consumption per data center, calculated as averages of data centers, lower values indicate higher effectiveness