



Quarterly Statement Q1 2024

At a Glance

Key figures

€ million	2023 01/01/ – 31/03/	2024 01/01/ – 31/03/
Revenues	46.6	47.1
Managed Services	31.1	32.9
Consulting	15.5	14.2
Gross profit	6.0	8.2
Managed Services	5.6	7.1
Consulting	0.3	1.2
EBITDA	(1.3)	2.0
Depreciation and amortisation ^{1,2}	3.3	3.1
EBIT	(4.6)	(1.1)
Consolidated net income	(5.0)	(1.1)
Earnings per share ³ (in €)	(0.04)	(0.01)
Capital expenditure ⁴	0.5	0.7
Free cash flow	1.1	0.6
Net liquidity	37.6 ⁶	38.2 ⁷
Net liquidity per share (in €)	0.30 ⁶	0.31 ⁷
Shareholders' equity	99.4 ⁶	98.3 ⁷
Equity ratio (in %)	64.4 ⁶	65.6 ⁷
Xetra closing price ⁵ (in €)	0.87	0.57
Number of shares ⁵	124,579,487	124,579,487
Market capitalisation ⁵	108.4	71.0
Number of employees ⁵	1,090	1,109

¹ Including share-based remuneration.

² Including depreciation of right-of-use assets (IFRS 16).

³ Diluted and basic.

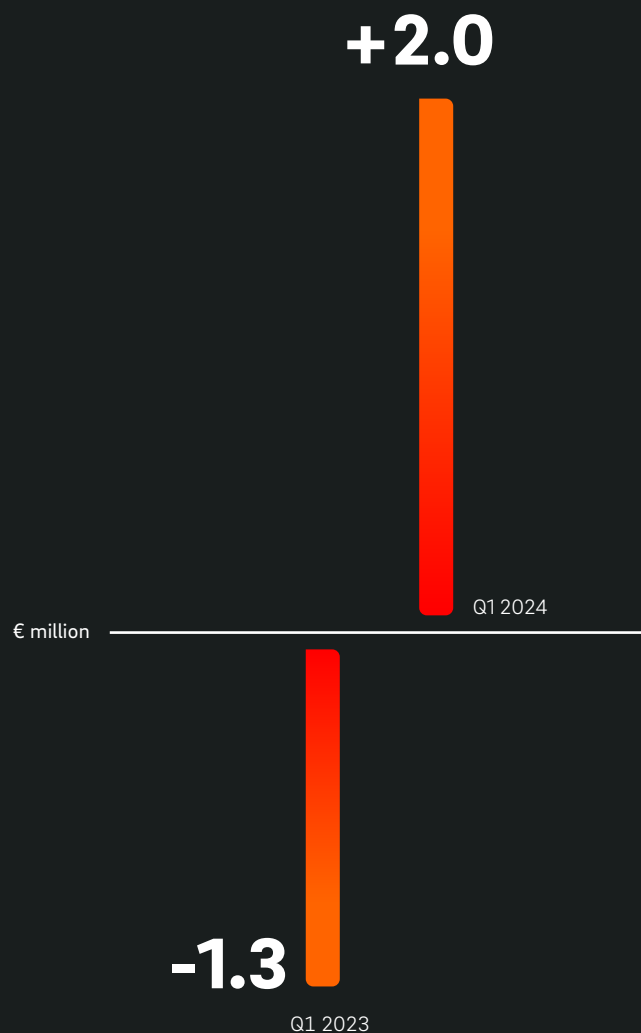
⁴ Not accounting for IFRS 16.

⁵ As of 31 March.

⁶ As of 31 December 2023.

⁷ As of 31 March 2024.

Success of 2025 Strategy:
2023 already saw a substantial improvement in free cash flow and now, as planned, **EBITDA** is increasing significantly.



Summary of first quarter of 2024

Business Performance

EBITDA improves by € 3.3 million to € 2.0 million

Having already boosted our company's financial strength, consistent implementation of the "2025 Strategy" is now, as planned, also strengthening q.beyond's earnings. EBITDA rose to € 2.0 million in the first quarter of 2024, up from € -1.3 million in the previous year. Revenues for the same period grew from € 46.6 million to € 47.1 million. As budgeted, free cash flow stood at € 0.6 million as against € 1.1 million in the first quarter of 2023. This also involved a further increase in net liquidity at our company, which has no debts, to € 38.2 million, compared with € 37.6 million at the end of 2023. This corresponds to € 0.31 per q.beyond share.

The marked improvement in profitability has been driven in particular by the impact of the "One q.beyond" project within the 2025 Strategy. This has entailed standardising and simplifying processes and structures, as well as systematically expanding the share of nearshoring and offshoring activities. In addition, staff capacity utilisation rates have been optimised and the company has focused on higher-margin business fields. Profitability has clear priority over growth.

q.beyond is a "Leader" in Microsoft services

Microsoft solutions are a key focus of our consulting business. In April 2024, the highly regarded comparison of providers, "ISG Provider Lens™ Microsoft Cloud Ecosystem 2024", underlined the performance capacity of our portfolio in this core business field. According to the study, q.beyond has been awarded "Leader" status for the second time running in the two market categories of "Microsoft 365 Services – Midmarket" and "SAP on Azure Services". And for "Power Platform Services" and "Generative AI Services for the Microsoft Clouds", the market research and analysis provider ISG sees our company as one of the "Rising Stars", i.e. companies offering promising portfolios and great potential for the future.

Three strong new partners

With its 2025 Strategy, our company is systematically expanding its consulting and development expertise, not least by building partnerships. Since January 2024, we have cooperated closely with the software company mgm technology partners in implementing software development projects at SMEs and public sector organisations. Since the end of February 2024, we can also count d.velop, the leading European platform provider of software to digitalise document-related business processes, as one of our strategic partners. Our experts are already

supporting the first develop customers from a variety of sectors in implementing solutions. Furthermore, since March 2024 q.beyond has cooperated with the Fraunhofer Institute for Computer Graphics IGD. This partnership aims to detect potential optimisations in company processes and present these graphically in such a way as to simplify decisions on process enhancements.

Earnings Performance

74% of revenues are of a recurring nature

Revenues rose to € 47.1 million in the first quarter of 2024, up from € 46.6 million in the previous year. Of the revenues generated in the past quarter, 70% were accounted for by the five focus sectors of retail, logistics, manufacturing, financial services, and the public sector, while 74% were of a recurring nature. This high share increases the resilience of our business model in a recessionary climate.

Gross margin rises to 17%

The higher revenues generated by our company in the first quarter of 2024 were accompanied by lower costs of revenues. This latter key figure totalled € 38.9 million in the first three months of this year, compared with € 40.6 million in the previous year. As outlined under "Business Performance", the far-reaching restructuring of our company in 2023 has enhanced the efficiency of its service performance. As a result, gross profit rose by 37% to € 8.2 million in the first quarter of 2024. Within one year, the gross margin has improved by 4 percentage points to 17%.

The higher level of efficiency is also reflected in the company's two other major cost categories. The sales and marketing expenses of € 2.9 million fell short of the previous year's figure (Q1 2023: € 3.6 million), as did the general and administrative expenses of € 3.7 million (Q1 2023: € 3.8 million).

EBITDA margin improves by 7 percentage points

The reduction in expenses in the past quarter resulted in a significant improvement in earnings: EBITDA rose year-on-year by € 3.3 million to € 2.0 million, while the EBITDA margin increased from -3% in the previous year to 4% in the first quarter of 2024. Given a slight reduction in depreciation and amortisation to € 3.1 million, as against € 3.3 million in the previous year, EBIT improved by € 3.5 million to € -1.1 million. Including the financial result, the result from associates, and taxes on income, consolidated net income also amounted to € -1.1 million, compared with € -5.0 million in the first quarter of 2023.

Earnings Performance by Segment

New segmentation since January 2024

Since 1 January 2024, segmentation has been based on the focused business model developed in 2023. Accordingly, the business is now managed in the two segments of "Consulting" (Consulting & Development) and "Managed Services" (Operations). Consistent with the One q.beyond principle, the sales department works on behalf of both segments. As a result, segment reporting is limited to presenting the development in revenues, cost of revenues, and the respective gross profit.

Managed Services raises gross margin to 22%

Notwithstanding the weak macroeconomic backdrop, Managed Services increased its revenues by € 1.8 million to € 32.9 million in the first quarter of 2024. Thanks to significantly greater efficiency, the cost of revenues only rose by € 0.3 million to € 25.8 million. As a result, gross profit increased by 27% to € 7.1 million. This corresponds to a gross margin of 22%, up from 18% in the previous year's period.

Consulting with significant increase in profitability

In Consulting, the other segment, the revenues of € 14.2 million in the first three months of this year fell short of the previous year's figure of € 15.5 million. Within the 2025 Strategy, q.beyond had optimised its consulting portfolio in the past year, focusing here on higher-margin consulting services and discontinuing lower-margin business fields.

In view of this, the cost of revenues decreased to € 13.0 million in the past quarter, compared with € 15.2 million in the previous year. This factor was accompanied by greater efficiency and the beneficial impact on earnings of improved staff capacity utilisation. As a result, gross profit quadrupled in just twelve months from € 0.3 million to € 1.2 million. The gross margin in Consulting rose to 8% in the first quarter of 2024, up from 2% in the previous year.

Financial and Asset Position

Net liquidity increases to € 38.2 million

Our company has no liabilities to banks and finances its business exclusively with its own liquidity. As of 31 March 2024, we had net liquidity of € 38.2 million compared with € 37.6 million as of 31 December 2023.

The change in net liquidity by € 0.6 million corresponds to our free cash flow which, based on our definition, does not account for payments made for acquisitions and distributions in the period under report. No such payments arose in the first quarter of 2024. The free cash flow therefore amounted to € 0.6 million, compared with € 1.1 million in the previous year. This was countered by capital investment (excluding IFRS 16 items) of € 0.7 million in the past quarter, as against € 0.5 million in the previous year.

Solid balance sheet

q.beyond has a solid balance sheet in which its non-current assets are fully financed by equity. Due above all to scheduled depreciation and amortisation, total non-current assets decreased from € 65.1 million at the end of 2023 to € 63.2 million as of 31 March 2024. Total current assets fell to € 86.7 million, compared with € 89.3 million as of 31 December 2023. While, as described, liquid funds, i.e. cash and cash equivalents, continued to rise, trade receivables fell from € 34.1 million at the end of 2023 to € 30.0 million as of 31 March 2024.

Equity ratio rises to 66%

Due to negative consolidated net income, equity stood at € 98.3 million as of 31 March 2024 as against € 99.4 million as of the balance sheet date at the end of 2023. Given the reduction in total assets, the equity ratio nevertheless rose by 2 percentage points to 66%.

Non-current liabilities changed only slightly compared with the 2023 balance sheet date and now amount to € 13.0 million (31 December 2023: € 13.3 million). Current liabilities fell from € 41.6 million at the end of 2023 to € 38.5 million as of 31 March 2024. This was mainly due to trade payables and other liabilities decreasing to € 21.4 million, down from € 25.5 million as of 31 December 2023.

Outlook

Outlook confirmed: significant rise in profitability in 2024

As our business performance in the first quarter of 2024 was consistent with expectations, we can confirm our full-year outlook for 2024. We have budgeted for EBITDA to rise by at least 40% to between € 8 million and € 10 million, and for this to be accompanied by revenues of between € 192 million and € 198 million, and sustainably positive free cash flow. In this, we are continuing to adhere to our principle that "profitability has priority over growth", consistently implementing the 2025 Strategy and continually enhancing our internal efficiency.

Further Information

About this quarterly statement

This document should be read in conjunction with the 2023 Annual Report, which can be found at [+ www.qbeyond.de/en/ir-publications](https://www.qbeyond.de/en/ir-publications). Unless they are historic facts, all disclosures in this quarterly statement constitute forward-looking statements. These are based on current expectations and forecasts concerning future events and may therefore change over time.

About the company

q.beyond AG is the key to successful digitalisation. We help our customers find the best digital solutions for their business and then put them into practice. Our strong team of 1,100 people accompanies SME customers securely and reliably throughout their digital journey. We are experts in cloud, SAP, Microsoft, data intelligence, security and software development. With locations throughout Germany, as well as in Latvia, Spain and India, and its own certified data centres, q.beyond is one of Germany's leading IT service providers.

EBITDA is planned to rise by at least 40% to between € 8 million and € 10 million in 2024.

Interim Consolidated Financial Statements

Consolidated Statement of Comprehensive Income (unaudited)

€ 000s	2024 01/01/ – 31/03/	2023 01/01/ – 31/03/
Revenues	47,110	46,585
Cost of revenues	(38,861)	(40,627)
Gross profit	8,249	5,958
Sales and marketing expenses	(2,903)	(3,581)
General and administrative expenses	(3,707)	(3,801)
Depreciation and amortisation (including share-based remuneration)	(3,102)	(3,304)
Other operating income	397	206
Other operating expenses	(40)	(48)
Operating earnings (EBIT)	(1,106)	(4,570)
Financial income	277	68
Financial expenses	(74)	(57)
Income from associates	(65)	(189)
Earnings before taxes	(968)	(4,748)
Income taxes	(144)	(287)
Consolidated net income	(1,112)	(5,035)
Other comprehensive income		
Line items that are not reclassified in the income statement		
Currency translation	1	-
Other comprehensive income after taxes	1	-
Total comprehensive income	(1,111)	(5,035)
Attribution of consolidated net income		
Owners of the parent company	(1,369)	(5,317)
Non-controlling interests	257	282
Attribution of consolidated net income	(1,112)	(5,035)
Attribution of total comprehensive income		
Owners of the parent company	(1,368)	(5,317)
Non-controlling interests	257	282
Attribution of total comprehensive income	(1,111)	(5,035)
Earnings per share (basic) in €	(0.01)	(0.04)
Earnings per share (diluted) in €	(0.01)	(0.04)

Consolidated Balance Sheet

€ 000s	31/03/2024 (unaudited)	31/12/2023 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	15,129	15,864
Land and buildings	15,763	15,943
Goodwill	13,953	13,948
Right-of-use assets	8,311	8,637
Other intangible assets	4,925	5,481
Financial assets recognised at equity	2,699	2,763
Prepayments	1,178	1,211
Other non-current assets	1,202	1,203
Non-current assets	63,160	65,050
Current assets		
Trade receivables	30,005	34,135
Prepayments	7,399	6,776
Inventories	222	109
Other current assets	10,786	10,631
Cash and cash equivalents	38,247	37,642
Current assets	86,659	89,293
TOTAL ASSETS	149,819	154,343

Consolidated Balance Sheet

€ 000s	31/03/2024 (unaudited)	31/12/2023 (audited)
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Issued capital	124,579	124,579
Capital reserve	144,382	144,382
Other reserves	(434)	(435)
Accumulated deficit	(172,049)	(170,680)
Equity attributable to owners of parent company	96,478	97,846
Non-controlling interests	1,807	1,549
Shareholders' equity	98,285	99,395
Liabilities		
Non-current liabilities		
Lease liabilities	5,084	5,239
Other financial liabilities	3,841	3,841
Accrued pensions	1,950	2,099
Other provisions	958	928
Trade payables	375	375
Deferred tax liabilities	801	829
Non-current liabilities	13,009	13,311
Current liabilities		
Trade payables and other liabilities	21,381	25,530
Lease liabilities	3,247	3,395
Other financial liabilities	1,342	1,342
Other provisions	3,978	4,053
Tax provisions	6,116	5,996
Deferred income	2,461	1,321
Current liabilities	38,525	41,637
Liabilities	51,534	54,948
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	149,819	154,343

Consolidated Statement of Cash Flows (unaudited)

€ 000s	2024	2023
	01/01 – 31/03/	01/01 – 31/03/
Cash flow from operating activities		
Earnings before taxes	(968)	(4,748)
Depreciation and amortisation of non-current assets	2,187	2,505
Depreciation of right-of-use assets (IFRS 16)	915	861
Other non-cash income and expenses	341	(11)
Profit from retirement of assets	(6)	(1)
Income taxes paid	-	(55)
Income taxes received	51	2
Interest received	273	64
Interest paid in connection with leases (IFRS 16)	(74)	(54)
Net financial expenses	(203)	(11)
Income from associates	65	189
Changes in provisions	(193)	53
Changes in trade receivables	3,789	7,774
Changes in trade payables	(808)	(7,264)
Changes in other assets and liabilities	(3,284)	2,207
Cash flow from operating activities	2,085	1,511
Cash flow from investing activities		
Payments for purchase of intangible assets	-	(3)
Payments for purchase of property, plant and equipment	(726)	(436)
Proceeds from sale of property, plant and equipment	9	852
Cash flow from investing activities	(717)	413
Cash flow from financing activities		
Repayments of convertible bonds	(1)	-
Repayments of lease liabilities	(762)	(834)
Cash flow from financing activities	(763)	(834)
Change in cash and cash equivalents	605	1,090
Cash and cash equivalents as of 1 January	37,642	36,388
Cash and cash equivalents as of 31 March	38,247	37,478

Segment Reporting (unaudited)

€ 000s	Managed Services	Consulting	Group
01/01/ – 31/03/2024			
Revenues	32,872	14,238	47,110
Cost of revenues	(25,820)	(13,041)	(38,861)
Gross profit	7,052	1,197	8,249
Sales and marketing expenses			(2,903)
General and administrative expenses			(3,707)
Depreciation and amortisation (including share-based remuneration)			(3,102)
Other operating income			397
Other operating expenses			(40)
Operating earnings (EBIT)			(1,106)
Financial income			277
Financial expenses			(74)
Income from associates			(65)
Earnings before taxes			(968)
Income taxes			(144)
Consolidated net income			(1,112)

€ 000s	Managed Services	Consulting	Group
01/01/ – 31/03/2023			
Revenues	31,107	15,478	46,585
Cost of revenues	(25,472)	(15,155)	(40,627)
Gross profit	5,635	323	5,958
Sales and marketing expenses			(3,581)
General and administrative expenses			(3,801)
Depreciation and amortisation (including share-based remuneration)			(3,304)
Other operating income			206
Other operating expenses			(48)
Operating earnings (EBIT)			(4,570)
Financial income			68
Financial expenses			(57)
Income from associates			(189)
Earnings before taxes			(4,748)
Income taxes			(287)
Consolidated net income			(5,035)

expect the next

Calendar

Annual General Meeting
29 May 2024

Half-Year Financial Report 2024
12 August 2024

Quarterly Statement Q3 2024
11 November 2024

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This translation is provided as a convenience only. Please note that the German-language original of this quarterly statement is definitive.