q.beyond
expect the next

Annual Report 2021

Continuing growth. Strong earnings.

Key figures

€ million	2021	2020
Revenues	155.2	143.4
Cloud & IoT	113.7	102.0
SAP	41.5	41.4
EBITDA	31.7	(2.0)
Depreciation and amortisation[1, 2]	16.6	16.8
EBIT	15.2	(18.8)
Consolidated net income	9.8	(19.9)
Earnings per share[3] (in €)	0.08	(0.16)
Capital expenditure[4]	8.1	5.5
Free cash flow	33.2	(15.8)
Net liquidity[5]	56.2	44.9
Shareholders' equity[5]	147.4	136.6
Equity ratio[5] (in %)	73.6	71.6
Xetra closing price[5] (in €)	1.96	1.68
Number of shares[5]	124,579,487	124,472,487
Market capitalisation[5]	244.2	209.1
Number of employees[5]	1,139	936

[1] Including share-based compensation.
[2] Including depreciation of right-of-use assets (IFRS 16).
[3] Diluted and basic.
[4] Not accounting for IFRS 16.
[5] As of 31 December.

2021

Continuing growth: revenues rose significantly again in 2021. We made further innovations ready to market and gained new customers. New orders reached record levels. Not only that: we took targeted steps to strengthen our core business, not least by making acquisitions. We raised our forecast several times as the colocation sale progressed – and met all our targets.

31.7 € million
EBITDA

33.2 € million
free cash flow

Strong earnings

The successful sale of the colocation business provided a one-off boost to EBITDA and free cash flow in 2021. On an operating level, both key figures were also up significantly on the previous year.

2021: successful operating business and targeted acquisitions

Jan.

+21%
new orders

Record new orders

Right at the start of 2021, our preliminary results show how our company maintained its strong growth in the first year of the coronavirus pandemic: in 2020, new orders grew by 21% to € 161.1 million and revenues rose by 13% to € 143.4 million.

Diversity Charter

By signing the Charter, we underlined our commitment to equality of opportunity and diversity of ideas. The great priority we accord to diversity is also reflected in the Top Employer status we were awarded just before. In a strict certification process, independent experts examined the measures and structures we have in place, not least to promote diversity.

Feb.

reta award for q.beyond

The EHI Retail Institute singled out q.beyond together with its customer Fressnapf for the prestigious reta award as “Top Supplier Retail 2021”. The award acknowledges a mobile solution offered by q.beyond for the digital retail store. Among other features, this solution manages best before dates and discounts using electronic price tags and is based on the Store-Butler, our platform for digitalising stores.

Mar.

Apr.

Climate neutral by 2025

A clear commitment to climate action: as we head for climate neutrality, we will cut our CO_2 emissions by a further total of at least 40% and offset the remaining emissions. Today, our data centres, which are particularly energy-intensive, are already operated with 100% green electricity.

100%
green electricity

logineer

Entry into logistics sector

By gaining a first major logistics customer and partner, Röhlig Logistics, we successfully launch activities in our fourth focus sector. Here, we market turnkey IT services for SMEs under the brand name “logineer”.

May

June

Acquisition of datac

The complete takeover of this modern workplace and collaboration specialist extends our expertise in all aspects of the digital workplace. Together, we already support more than 150,000 digital workplaces and are now expanding our strong position in this highly dynamic market.

>150,000
digital workplaces

DATAC

Aug.

"q.beyond is reinforcing its position as one of the ten largest IT service companies in Germany."

Top 10 ranking

According to the Lünendonk study, q.beyond is one of Germany's ten fastest-growing IT service providers; its revenues are rising more than twice as fast as the average for all survey participants. This way, we are reinforcing our position as one of the ten largest IT service companies in Germany.

snabble

Investment in snabble

Just scan your article and pay directly: shopping with the snabble app is that easy. Building on successful co-operation in initial projects, our company now acquires a 25.4% stake in snabble and takes an even greater innovation leap in its focus sector of retail.

July

Sale of colocation business

In two transactions, q.beyond sold its colocation business and generated a total sale price of around € 54 million (enterprise value). This successful sale has honed our positioning, reduced complexity and widened our scope for action.

~54 € million
proceeds from sale

Sept.

Oct.

+200%
website traffic

Marketing Oscar

In recognition of its new "q.beyond" brand and its associated repositioning, q.beyond and its advertising agency receive the prestigious Effie Award for effective B2B brand communication. The jury highlights the benefits of the relaunch, such as the subsequent rise in the number of website visitors by more than 200%.

EFFIE GERMANY
BRONZE WINNER
2021

Nov.

Cybersecurity in demand

Our all-round expertise in cybersecurity hits the mark. Since November, we have also supported the Berlin housing company degewo with consulting and related services. The top priority here is to further enhance the protection of the company's data against the ever growing risk and frequency of hacker attacks.

Dec.

scanplus+

Takeover of scanplus

Just before the end of the year, q.beyond manages to take over the operating business at scanplus. Drawing on that company's highly scalable cloud portal, we extend our portfolio in the fast-growing cloud business. Via a standardised construction kit, small and medium-sized companies can assemble the IT solutions they need.

“In our ‘beyond 2022’ growth strategy, we have again set ourselves ambitious targets. In the best case, our revenues will double.”

Jürgen Hermann
CEO of q.beyond AG

Dear Shareholders,

Our company can look back on a successful financial year, beginning 2022 on a very confident note. Then Russia's invasion of Ukraine at the end of February very much changed the game. Business success and confidence require that people live together in peace. That is something we Europeans have taken for granted for decades now, but suddenly now it is under threat. The principal victims are, of course, the people in Ukraine. Their plight has inspired a large number of people to offer their help, not least at q.beyond. In your interests, as well as our own, we nevertheless have to examine the consequences of this war in terms of our business.

Revenues set to rise to between € 180 million and € 200 million in 2022

There is still great uncertainty as to the impact of the war, and particularly of the massive rise in energy prices, on the German economy. To account for this, we have decided to base our forecast for the current financial year on wider-than-normal ranges: we plan to generate revenues of between € 180 million and € 200 million and have an EBITDA of between € 8 million and € 16 million. Compared with the revenues of € 155.2 million generated in 2021, our company thus aims to grow by at least 16%, and that in a difficult climate. Our growth story will continue; our business model is just as resilient to crises as ever.

This resilience has three main foundations: firstly, we operate in the right markets; secondly, we are a long-term partner to our customers; thirdly, our portfolio means we have the right tools to help them digitalise their business models. Since 2019, q.beyond has operated purely as an IT service provider and focuses on the promising, forward-looking markets of Cloud and SAP services; in this, it has been very successful. According to the prestigious Lünendonk study, we are one of the 10 fastest-growing IT service providers in Germany.

Record new orders

Our persistently strong growth is based on the close relationships of trust we forge with our customers. In some cases, we have supported well-known retailers and industrial players for more than 10 years. This produces a high share of recurring revenues, which currently make up nearly 80% of our total revenues. We are continually expanding our business relationships with these customers while also attracting new customers. This is documented by the record new orders of € 185 million we received in 2021.

Together with our customers, we are advancing into new markets. The standard we have set ourselves is clear: "We are reimagining SME digitalisation – with innovative one-stop solutions to revolutionise business models." The award-winning "StoreButler", which we unveiled in 2021, is one such innovative one-stop solution. It provides retailers with a holistic instrument to tackle the urgently needed digitalisation of their store networks. The first comprehensive rollout is underway at the Fressnapf Group. This European market leader for pet supplies has selected the "StoreButler" as its central interface to digitalise its current total of more than 1,800 stores in 11 European countries. Specifically, Fressnapf is using the tool to centrally manage its electronic price tags and reduce the share of non-saleable goods by deploying the zero-waste assistant. Innovations such as this will become an even greater focus of our business activities in the next three years.

Alongside the rapidly growing and profitable Cloud and SAP businesses, in the years ahead we will also consistently expand the business with software-as-a-service solutions.

"beyond 2022" growth strategy: expanding the SaaS business

We will present "beyond 2022", our enhanced growth strategy, to the public in early April 2022. Alongside the rapidly growing and profitable Cloud and SAP businesses, we will now focus more closely than before on consistently expanding the business with software-as-a-service (SaaS) solutions such as the "StoreButler". To this end, we are drawing on our own development capacities and making targeted acquisitions.

This expansion in our SaaS expertise is just what our customers need. In the first years of the digital revolution, many of them focused on enhancing their efficiency, exactly what our Cloud and SAP services offer. Now, it is increasingly about developing additional revenue potential by implementing new business models for the digital age. This is precisely what our SaaS solutions make possible. Fressnapf shows that our customers are ready to take this next step with us.

Revenues of € 270 million to € 300 million in 2025

Depending on M&A projects, we will generate SaaS revenues of up to € 20 million this year. By 2025, we plan to increase these revenues to between € 50 million and € 80 million. The SaaS business will thus make a decisive contribution to the growth planned for the years ahead. For 2025, we have budgeted total revenues of between € 270 million and € 300 million, with an EBITDA margin of 14% to 16% and free cash flow of € 15 million to € 25 million.

In our "beyond 2022" growth strategy, we have again set ourselves ambitious targets. In the best case, our revenues will double.

What makes us this optimistic? On the one hand, the stable growth in our largest business field of Cloud Services: today, nearly 50% of companies still operate their IT themselves, yet users' requirements are rising just as relentlessly as the threats to IT security. In view of this, ever more companies will outsource their IT to service providers, and q.beyond is one of the top addresses in the market. On the other hand, once the pandemic has run its course, companies will accelerate their migration to the new SAP S/4HANA software generation. With more than 200 SAP experts on board, we are superbly positioned to satisfy growing demand. Finally, we expect great growth momentum in our SaaS business.

Climate neutrality by 2025

We have two additional growth drivers: climate neutrality and a strong team. q.beyond itself aims to become climate neutral by 2025. Today, we already operate our data centres, which are particularly energy intensive, with 100% green electricity and we are now gradually expanding our pool of e-vehicles. Apart from this, we use environmentally friendly means of transport and optimise our energy use. The efforts we are making here will not only benefit the environment, but they are also in our customers' interests. To reduce their own CO_2 footprints, they are increasingly looking into the climate neutrality of their IT service providers. q.beyond is building a genuine competitive advantage for itself in this respect.

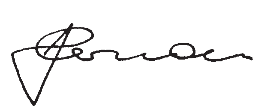
And when I write "q.beyond", I mean the whole q.beyond team, and thus more than 1,100 employees at locations throughout Germany and in Latvia. Each and every one of them is making their own personal contribution to our company's success. Their dedication is a crucial driver of our growth. For that, I would like to take this opportunity to thank them very warmly. On behalf of the whole team, I would also like to thank our customers and partners for working with us on a basis of trust.

q.beyond shares are a clear buy

And I also owe you, our shareholders, a special thank you for the trust you have placed in us. Increasing the company's value will remain our core objective in the years ahead as well. After two years of growth, our share price recently suffered a setback. That was due above all to the war in Ukraine and the subsequent fall in prices across the world's stock markets. q.beyond too was unable to escape this market trend in the short term. In the medium term, however, our "beyond 2022" growth strategy will provide our share price with fresh perspectives. The combination of a growing and profitable Cloud and SAP business with a forward-looking SaaS business is without peer on the capital market. Analysts see our shares as a clear buy in spring 2022, with price targets of up to € 3.50.

Given this tailwind from analysts, our crisis-resistant business model, and our clear growth strategy, we can be increasingly confident about 2022. q.beyond will maintain its growth course this year and beyond – against a backdrop of what we all hope will soon be peace.

Cologne, 22 March 2022



Jürgen Hermann
CEO


logineer
Goods for Hamburg, Sydney and Shanghai? This new subsidiary offers all-round IT services for small and medium-sized logistics companies. Plus: turnkey solution for digital workplaces anywhere in the world.
Focus sector logistics
Around 150 experts
(IT/freight forward)
on 4 continents
24/7 operations
for TMS and WMS* –
and all for a fixed price
More at www.logineer.com/en
* Transport Management Systems and Warehouse Management Systems.

Contents

The Management Team

q.beyond's operations are managed by a team of four. At the end of 2021, this comprised the CEO and three other members. The management team offers all the skills needed to find the best digital solutions for our customers and then to put them into practice. In 2021, the team members together ensured that the "2020plus" growth strategy was implemented just as consistently as ever.

Jürgen Hermann
Chief Executive Officer

The sole member of the Management Board at q.beyond AG has a clear goal: to sustainably increase the company's value. Under his leadership, q.beyond has developed into today's pure IT service provider. With the "2020plus" growth strategy, the economics graduate provided the company with a clear strategic alignment and is now taking this to the next level with "beyond 2022". Alongside Strategy, Jürgen Hermann also focuses on Investor Relations, M&A, Marketing, and Communications. He was part of our company's founding team and played a key role in organising its IPO in 2000. He became CFO in 2009 and in 2013 succeeded the company's co-founder Dr. Bernd Schlobohm as CEO.

"Together we are shaping q.beyond's future – in dialogue with our customers and in the interests of our shareholders."

Christoph Reif
Chief Financial Officer

The outward success of our growth strategy is reflected in our quarterly and annual financial statements. These are compiled under the management of our CFO Christoph Reif. A graduate in business administration, he has headed the Finance department since 2013. In 2019, he also took on responsibility for Compliance, Procurement, HR and Legal. He previously held senior positions at 1&1, where he was responsible for central procurement decisions.

Thorsten Raquet
Chief Innovation Officer

Thorsten Raquet is responsible for new technologies, trends and digital platforms. A graduate in business administration with profound technology-driven entrepreneurial expertise, he is also responsible for the SAP and Microsoft consulting business. He began his IT career at SAP and subsequently moved to BSNmedical, where he headed global sales systems.

Thies Rixen
Chief Operations Officer

Close to customers and at the heart of operations: Thies Rixen is responsible for Sales and the smooth running of our Cloud, IoT and SAP businesses. A graduate in business administration, he benefits here from extensive management and IT expertise acquired in senior positions at companies such as DXC, Deutsche Telekom and in his role as CIO and Managing Director of the Ingenico Group.

The Supervisory Board

The six-member Supervisory Board comprises four shareholder and two employee representatives. At the Annual General Meeting held in Cologne on 12 July 2018, shareholders re-elected their existing representatives. Their terms in office now run until the conclusion of the Annual General Meeting for the 2022 financial year. The employees had selected their two representatives in advance of the meeting.

Dr. Bernd Schlobohm
Chairman

Dr. Schlobohm, who holds a doctorate in engineering, founded q.beyond in 1997, had the company publicly listed in April 2000, and then managed it as CEO until May 2013. Together with q.beyond's co-founder, Gerd Eickers, he is the largest shareholder. At the end of 2021, these two shareholders held a combined stake of 25% in q.beyond.

Gerd Eickers

q.beyond's second founder, Gerd Eickers, moved to the Supervisory Board in June 2004 after three years on the Management Board. In subsequent years, this graduate in economics played a major role in shaping the political framework for the German technology market, particularly in his capacity as President of the Association of Telecommunications and Value-Added Service Providers (VATM).

Martina Altheim

Martina Altheim, at the time Head of Central Process and Quality Management, joined the Supervisory Board as the second employee representative in July 2019. Since January 2020, the graduate in biology, who is based at q.beyond's location in Cologne, has been responsible for the company's Corporate Social Responsibility.

Dr. Frank Zurlino
Deputy Chairman

Dr. Zurlino, holder of a doctorate in business engineering, was elected to the Supervisory Board in May 2013. Formerly head of strategy consulting and development at IBM Deutschland, he is now Managing Partner at the international management consultancy Horn & Company.

Ina Schlie

An economics graduate, this long-standing head of the Group Tax Department at SAP has been a member of q.beyond's Supervisory Board since autumn 2012 and chairs its Audit Committee. The financial expert also sits on other supervisory boards and is a lecturer at LMU Munich.

Matthias Galler

In June 2018, q.beyond's workforce elected the Hamburg-based Works Council Chairman as a new member of the Supervisory Board. The IT specialist has worked at our company as a senior IT consultant since 2002.

Report of the Supervisory Board

Dr. Bernd Schlobohm
Supervisory Board Chairman

Dear Shareholders,

Our company again performed successfully in the second year of the coronavirus pandemic. In this exceptional situation, its clear focus on fast-growing markets proved just as valuable as the consistent implementation of its growth strategy. The progress made in the past financial year was driven by the performance of all our employees and the CEO. We would like to thank the whole of q.beyond's team for the great commitment it continued to show in the past financial year. We also owe our thanks to all shareholders for the trust they have placed in our company.

In what follows, we inform you about the activities of the Supervisory Board in the 2021 financial year.

Activities of the Supervisory Board

In the 2021 financial year, the Supervisory Board again performed all the duties incumbent on it by law and the Articles of Association. It continually monitored and advised the Management Board in its management of q.beyond AG and the Group.

The Supervisory Board was directly involved in all decisions and measures of material significance, particularly those impacting on the company's financial position, financial performance and cash flows. After careful consideration, it voted on all measures for which its consent is required by law, the Articles of Association and the Rules of Procedure of the Management Board.

The Supervisory Board held regular meetings, also in the absence of the Management Board. At such meetings, the Supervisory Board addressed agenda items relating either to the Management Board or to internal Supervisory Board matters. At their joint meetings, the Supervisory and Management Boards discussed key aspects of the company's business policy and strategy, as well as its performance and planning. Moreover, the chairs of the two boards were in regular contact to discuss current company-related topics arising between Supervisory Board meetings.

The Management Board informed the Supervisory Board with regular, timely and detailed reports, both written and oral, about the company's business performance, and drew in particular on monthly and quarterly financial statements and rolling budget /

actual comparisons. Specifically, these reports also included information about variances between the company's actual business performance and its internal planning and publicly communicated financial targets. The corresponding Management Board reports also contained all relevant information about the company's strategic development and planning, risk situation, risk management and compliance. All enquiries and requests for additional information by the Supervisory Board were promptly and thoroughly answered by the Management Board.

Topics addressed by the Supervisory Board

The main focuses of Supervisory Board meetings and resolutions in the 2021 financial year were:

1. "2020plus" growth strategy
The Supervisory Board regularly addressed the progress made with implementing the company's growth strategy, mainly referring in this respect to the monthly and quarterly reports. Furthermore, it regularly inspected the sales pipeline and obtained information about the progress made with internally developed innovations and the forward-looking expansion of the portfolio.

2. Acquisitions
From the outset, one major component of the growth strategy has involved acquisitions. Here, the Management Board kept the Supervisory Board regularly informed again in 2021 about potential takeover candidates and options for action. The Supervisory Board was involved at an early stage in all decisions in the past financial year:

- On 30 April 2021, the Supervisory Board approved the concept for the company's entry into the logistics focus sector. This involved acquiring a majority stake (51%) in Röhlig blue-net GmbH, a company that has long operated in this market, and an investment in cargonerds GmbH, which focuses on developing software solutions for logistics. Since the end of November 2021, Röhlig blue-net GmbH has operated under the name q.beyond logineer GmbH.
- At an unscheduled meeting held on 7 June 2021, the Supervisory Board approved the acquisition of 100% of the shares in datac Kommunikationssysteme GmbH. This Augsburg-based company focuses its business on all aspects of digitalising office workplaces.
- At a further unscheduled meeting on 20 July 2021, the Supervisory Board consented to the takeover of 25.4% of the shares in snabble GmbH, Bonn. This start-up focuses on smartphone-based noncheckout payment solutions, i.e. self-checkout, in the retail sector.
- In autumn 2021, the Supervisory Board held in-depth discussions about the option of acquiring significant portions of the assets, contractual relationships and employees at ScanPlus GmbH, Ulm. At the time, this cloud and IT security provider was in insolvency proceedings under its own management. At an unscheduled meeting on 6 December 2021, the Supervisory Board approved the acquisition of specific assets by a wholly-owned subsidiary of q.beyond AG that has operated under the name scanplus GmbH since the beginning of 2022.

3. Sale of colocation business
In 2021, the Supervisory Board dealt in detail with the future of the colocation business pooled at the two subsidiaries IP Colocation GmbH and IP Exchange GmbH and discussed options including the sale of this business with the Management Board. At an unscheduled meeting on 20 July 2021,

the Supervisory Board then approved the sale of IP Colocation GmbH. In September 2021, the disposal of IP Exchange GmbH was also approved by circular resolution.

4. Management Board
By resolution dated 26 February 2021, the Supervisory Board extended the Management Board appointment of Jürgen Hermann, due to expire on 31 March 2021, for the period to 31 March 2024.

Composition of the Supervisory Board

The Supervisory Board is composed in accordance with the requirements of the German Stock Corporation Act (AktG) and the German One-Third Participation Act (Drittelbeteiligungsgesetz) and continues to comprise four shareholder representatives and two employee representatives. The shareholder representatives on the Supervisory Board are still its Chair, Dr. Bernd Schlobohm, and its Deputy Chair, Dr.-Ing. Frank Zurlino, as well as Gerd Eickers and Ina Schlie. The employee representatives are still Martina Altheim and Matthias Galler.

Supervisory Board meetings and committees

As well as four scheduled meetings, the Supervisory Board also held four unscheduled meetings in the 2021 financial year. Due to the Covid-19 pandemic, six meetings were held entirely as video conferences. The two other meetings were attended by the Supervisory Board members in some cases in person and in others by video. All members participated in all these meetings. Where necessary, the Supervisory Board also adopted written resolutions on individual topics by circulating and approving the respective documents.

To assist it in its work, the Supervisory Board has formed four committees. These are the Human Resources Committee, the Audit Committee, the Nomination Committee and the Strategy Committee. Committee chairs regularly report to the full Supervisory Board on the work of their committees. All committee members attended all meetings of their respective committees in 2021.

The **Human Resources Committee** met once in the year under report. As well as preparing the Supervisory Board's decisions concerning the target achievement of the Management Board member in the 2020 financial year, the Human Resources Committee dealt in particular with preparing the resolutions for extending the appointment of Jürgen Hermann as a member of the Management Board, the extension and adaptation of his employment contract and the short-term and long-term target agreements to be reached with him on the basis of the remuneration system for Management Board members, which was approved by the Supervisory Board in November 2020 and approved by the Annual General Meeting in May 2021. The committee still comprises the following members: Dr. Bernd Schlobohm (Chair), Martina Altheim and Gerd Eickers.

The composition of the **Audit Committee** is also unchanged; its members are Ina Schlie as its Chair, Dr. Bernd Schlobohm and Dr.-Ing. Frank Zurlino. Ina Schlie has specific expertise in both auditing and financial reporting. Dr. Schlobohm has specific expertise in auditing. The Audit Committee monitors the financial reporting process and may submit recommendations to safeguard its integrity. It also monitors the effectiveness of the internal control, risk management and internal audit systems, as well as compliance, and prepares all decisions required by the full Supervisory Board in this respect.

The Audit Committee deals with the audit of the financial statements and is responsible for selecting and issuing the audit assignment to the auditor, as well as for monitoring the auditor's independence and audit quality. It decides whether the company may commission the auditor to provide non-audit services and, where appropriate, monitors the auditor's provision of such services.

The Audit Committee held five meetings in the past financial year. It reviewed the documents relating to the annual and consolidated financial statements, including the dependent company report, for the 2020 financial year in the presence of the appointed auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, held in-depth discussions about these documents and the accompanying audit reports submitted by the auditor and subsequently adopted recommendations for the full Supervisory Board resolution concerning the annual and consolidated financial statements and their audit.

Prior to their publication, the half-year financial report as of 30 June 2021 and the interim statements as of 31 March and 30 September 2021 were discussed with the Audit Committee.

Consistent with the resolution adopted by the Annual General Meeting, the Audit Committee awarded the assignment to audit the financial statements for the 2021 financial year to Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft and determined the audit fee. To prepare the audit of the financial statements, in November 2021 the Audit Committee dealt with the audit planning and audit focuses in the presence of the auditor responsible for the assignment. Key audit matters for the 2021 financial year included the recoverability of goodwill, revenue recognition pursuant to IFRS 15, the accounting implications of company acquisitions and the sale of the colocation business, and segment reporting.

The Audit Committee regularly took receipt of reports from the Heads of Internal Audit and Compliance and of Investor Relations on their respective areas of activity. Furthermore, the Audit Committee addressed the risk reporting by the Management Board and discussed the implications of the German Financial Market Integrity Strengthening Act (FISG) for the areas of responsibility and work of the Supervisory Board.

The task of the **Nomination Committee** is to propose suitable candidates to the full Supervisory Board for its nomination of candidates at any forthcoming election of shareholder representatives to the Supervisory Board at the Annual General Meeting. The composition of the Nomination Committee has not changed; its members are still Gerd Eickers (Chair) and Dr.-Ing. Frank Zurlino. The Nomination Committee did not hold any meetings in the 2021 financial year as no Supervisory Board elections were pending.

The composition of the **Strategy Committee** is also unchanged; its members are Dr. Bernd Schlobohm (Chair) and Dr.-Ing. Frank Zurlino. The Strategy Committee has a purely advisory function and addresses the strategic, and thus long-term development of q.beyond AG. The committee held three meetings in 2021 and dealt in particular with potential acquisition targets, the further development of the company's product and service portfolio and the implementation and further development of the "2020plus" growth strategy.

Corporate governance

The Supervisory Board continuously monitors the status and development in the German Corporate Governance Code and the implementation of the Code's recommendations at q.beyond AG. At its meeting on 20 December 2021, the Supervisory

Board, acting together with the Management Board, submitted its annually updated Declaration of Compliance (pursuant to § 161 AktG), this time with regard to the recommendations made in the Code version dated 16 December 2019. Together with the Supervisory Board, the Management Board reports in detail on corporate governance in the Corporate Governance Statement. The Declaration of Compliance and the Corporate Governance Statement are permanently available on the company's website.

Each member of the Supervisory Board discloses any conflicts of interest that may arise, taking due account of the recommendations made in the German Corporate Governance Code. No conflicts of interest arose in the year under report.

Members of the Supervisory Board take responsibility for undertaking any training or professional development measures necessary to fulfil their duties, such as with regard to changes in the legal framework, and are supported by the company. The company keeps Supervisory Board members regularly informed of the latest legislative amendments and of any relevant developments in corporate governance. New members of the Supervisory Board are able to meet the Management Board to discuss underlying and current topics, and thus gain an overview of those topics relevant to the company ("on-boarding").

Audit of financial statements

In line with its resolution to issue a call for tenders for the audit assignment for the 2021 financial year, in the period between September 2020 and February 2021 the Audit Committee conducted a tender procedure in accordance with the requirements of the EU's Audit Regulation. Drawing on the results of this procedure, in March 2021 the committee submitted a substantiated recommendation to the full Supervisory Board for its own resolution on the proposal to be submitted to the Annual General meeting in respect of the election of the auditor. The recommendations referred to Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, and Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg. Consistent with the relevant legal regulations, these proposals included a substantiated preference for Mazars. In March 2021, the Supervisory Board endorsed the recommendation submitted by the Audit Committee and proposed that the Annual General Meeting on 12 May 2021 should elect Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, which has its headquarters in Hamburg and offices in Cologne, as auditor and group auditor for the 2021 financial year.

Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft audited the annual financial statements and management report of q.beyond AG as of 31 December 2021, which were prepared by the Management Board in accordance with the requirements of the German Commercial Code (HGB), and the consolidated financial statements and group management report as of 31 December 2021, which were prepared in accordance with International Financial Reporting Standards (IFRS) as requiring application in the European Union and the supplementary provisions of German commercial law applicable pursuant to § 315e HGB. It also audited the report on relationships with affiliated companies and the remuneration report jointly prepared by the Management and Supervisory Boards pursuant to § 162 AktG.

The auditor granted unqualified audit opinions to the company's annual and consolidated financial statements for the 2021 financial year, including the respective management reports.

In respect of the report on relationships with affiliated companies (dependent company report), the auditor granted the following unqualified audit opinion:

“Based on our audit and assessment performed in accordance with professional standards, we confirm that

1. the factual information in the report is correct

2. the company’s compensation with respect to the transactions listed in the report was not incommensurately high.”

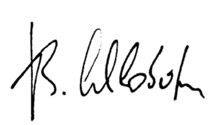
In respect of the remuneration report pursuant to § 162 AktG, the auditor concludes that the remuneration report for the 2021 financial year, including the associated disclosures, is in all material respects consistent with the requirements of § 162 AktG.

The aforementioned documents, including the audit reports submitted by the auditor, were provided to all Supervisory Board members in good time ahead of their review and, in the case of the remuneration report prepared for the first time in accordance with § 162 AktG, in good time ahead of their resolution. At its meeting on 22 March 2022, the Supervisory Board discussed all these documents and the auditor’s audit reports with the Management Board and the auditor, taking due account of the findings of the preliminary review conducted by the Audit Committee in the presence of the auditor on 15 March 2022. The auditor reported to the meeting held on 22 March 2022 on the scope, focuses and key findings of its audit and dealt in particular with the key audit matters and audit actions taken. The auditor also informed the meeting about its findings on the internal control system in respect of the financial reporting process and the risk management system and was available to answer questions and provide further information. The auditor informed the Supervisory Board of services it provided in addition to the audit of the financial statements and that there were no circumstances indicating that its impartiality was impaired.

Following the completion of the audit by the Audit Committee and based on its own review, the Supervisory Board endorsed the findings of the audits conducted by the auditor and did not raise any objections to the annual financial statements (HGB) and management report of q.beyond AG, the consolidated financial statements (IFRS) and group management report, the report and concluding statement by the Management Board on relationships with affiliated companies (dependent company report) and the non-financial (group) report of q.beyond AG for the 2021 financial year. The non-financial (group) report will be published on the company’s website at the latest by the end of April 2022.

Consistent with the recommendation submitted by the Audit Committee, the Supervisory Board approves both the consolidated financial statements (IFRS) and the annual financial statements (HGB). The annual financial statements are thus adopted.

Cologne, 22 March 2022
On behalf of the Supervisory Board of q.beyond AG



Dr. Bernd Schlobohm
Supervisory Board Chair

q.beyond's Share Performance

Further double-digit growth in share price

2021 was another good year for q.beyond's shareholders. The share price rose by 17% to € 1.96 and, as in 2020, outperformed the DAX again. The German lead index (DAX) improved by 16% in the second year of the pandemic. Unlike in 2020, however, our share price was beaten by the TecDAX in the past year; thanks to a final spurt in the second half of December, Germany's lead index for technology stocks built up its head start over q.beyond's shares and closed 22% up on the previous year.

For extensive periods of the year, developments on the stock markets in 2021 were significantly influenced by the course of the global coronavirus pandemic. In the first quarter of 2021, q.beyond's share price was able to escape the overall market trend for several weeks, having first marked its annual low at € 1.61 in January 2021. Publication of the company's initial preliminary results at the end of January triggered a rally lasting several weeks, taking the share price to its annual high at € 2.27 at the end of February 2021. Some investors subsequently cashed in on their gains, leading the share price to stabilise for the first time at around € 1.90.

During the summer months, a period in which trading volumes are low, our share price came under pressure due to an investor selling around 2 million shares. In this situation, q.beyond's active investor relations activities proved their worth. Confident in the continued consistent implementation of the "2020plus" growth strategy, institutional investors increased their shareholdings. The share price rose back towards € 1.90 and stabilised at this level through to the end of 2021.

Thanks to sharp growth in q.beyond's share price, the company's value rose by 14% to € 188 million in 2021.

Company value rises by 14%

Based on a share price of € 1.96 at the end of 2021, the market capitalisation stood at € 244.2 million. Deducting net liquidity of € 56.2 million, this produced a company value of € 188.0 million. As of 31 December 2020, this key figure had amounted to € 164.2 million. Year-on-year, the company's value therefore grew by 14%. When presenting the "2020plus" growth strategy back in May 2019, the Management Board already explained that shareholders would in future chiefly participate in q.beyond's performance by way of the growth in the company's value. This prediction proved absolutely spot-on for the second consecutive year in 2021.

Analysts set target prices of up to € 3.50

The signs point to growth in our share price in 2022 as well: All three analysts regularly covering our share this year recommended buying it at the beginning of the year, with target prices ranging from € 2.50 (Stifel Europe) to € 3.50 (Warburg Research). Two analysts already responded shortly before the Christmas break to the announcement made on 10 December 2021 concerning the takeover of business operations at the Ulm-based company scanplus together with a highly scalable cloud portal. The analyst at Warburg Research wrote of a "perfect fit" and raised his target price to € 3.50. Montega Research pointed in particular to the worthwhile addition to the product portfolio and now sees the target price at € 2.80. In 2021, a fourth institute, Independent Research, also regularly covered our share. After 27 years, however, this independent research provider closed its doors at the end of 2021.

Institutional investors increase their shareholdings to 34%

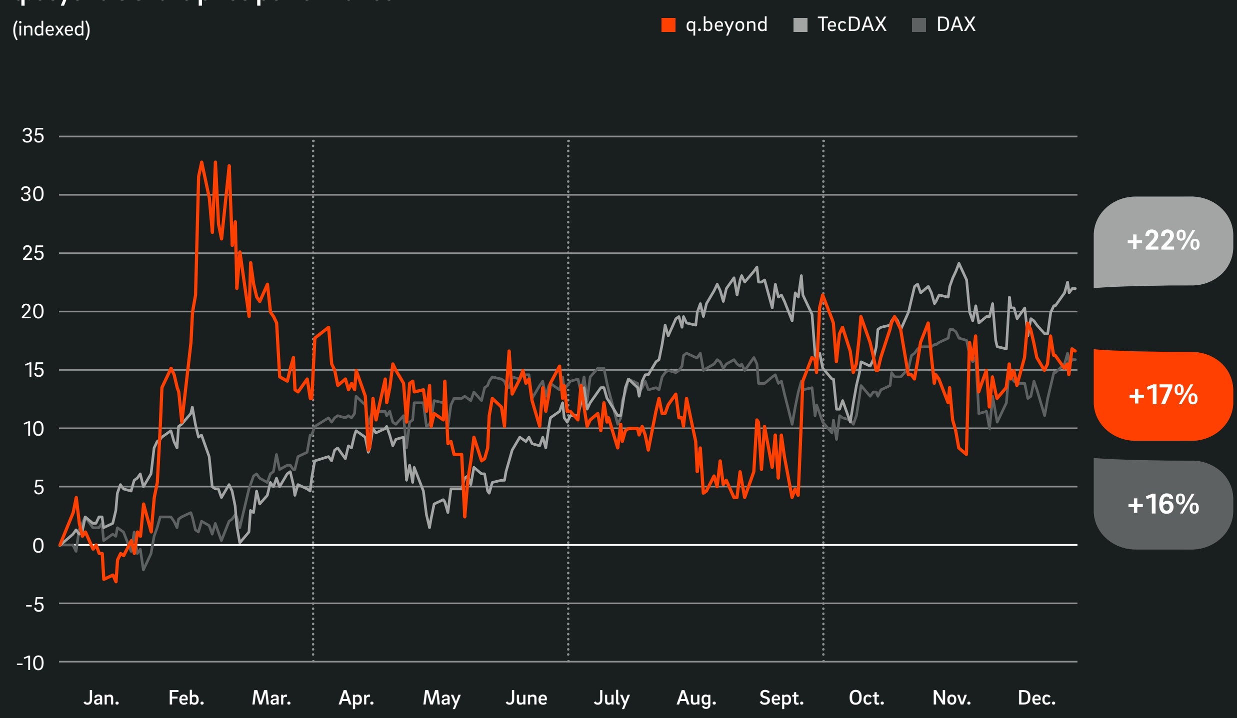
Buy recommendations issued by analysts influence the investment decisions taken by institutional investors in particular. Their share of free float rose to 34% as of 31 December 2021, up from 29% one year earlier and its highest level since 2017. Paladin Asset Management alone holds more than 5% of q.beyond's shares. Having already exceeded the 3% threshold requiring disclosure in 2020, this fund boutique notified q.beyond at the end of September 2021 about the further increase in its stake.

At the end of 2021, 66% of free float was held by retail investors. Overall, free float accounted for an unchanged total of 74.7% of q.beyond's shares and is now distributed among 23,849 shareholders. The remaining 25.3% of the company's shares are held by its two founders Gerd Eickers and Dr. Bernd Schlobohm. Now members of the Supervisory Board, these two individuals have not sold any shares since the company's IPO in spring 2000 but have rather repeatedly increased their shareholdings further in the intervening years. Our CEO Jürgen Hermann has also expanded his stake on several occasions in recent years and currently owns 1 million, or 0.8%, of our shares. A further 0.7% of the company's shares are held by q.beyond's executives.

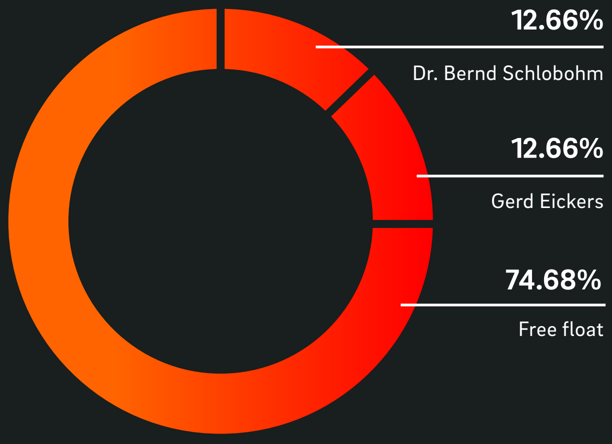
Ongoing intensive IR activities

The company's increasing value and the growing interest shown by institutional investors are also the result of our investor relations (IR) activities, which we maintained just as intensively as before.

q.beyond's share price performance
(indexed)



Shareholder structure as of 31 December 2021



Institutional investors now hold around a third of free float.

Since the beginning of the first lockdown, we have presented our company almost exclusively on a virtual basis. The coronavirus pandemic has enormously accelerated the digitalisation of capital market communications. In the past year, the Management Board and IR took part in the following capital market conferences, most of which held virtually:

- German Equity Forum
- Equity Forum Spring and Fall Conferences
- German TechITService Conference organised by Pareto Securities
- German SMID Cap One-on-One-Forum and Virtual SMID Discovery Conference organised by Stifel Europe Bank
- Hamburg Investors' Day and VR Capital Market Conference organised by Montega
- Sector Conference TMT organised by Commerzbank

We also held virtual roadshows, numerous conference calls and one-to-one discussions. Anyone interested can find all relevant information about our shares in the IR section of our website at **www.qbeyond.de/en/investor-relations,** which we updated in 2021. Visitors to this site will find our reports and announcements, as well as key figures on our shares, the latest consensus among analysts, corporate governance and much more. This website is also where presentations and recordings of comments made by the Management Board in conference calls can be found following the publication of quarterly figures.

The IR Department maintains an ongoing exchange of information with retail and institutional investors by mail and telephone. It also uses social media such as Twitter **www.twitter.com/qbyiren** and the company's own blog **blog.qbeyond.de (only available in German)** to keep interested capital market players up to date.

Key facts about q.beyond shares

Securities identification code	513 700
ISIN	DE0005137004
Trading symbol	QBY
Bloomberg symbol	QBY GY
Reuters symbol	QBYn.DE
Market segment	Prime Standard
Stock exchanges	Xetra and regional German stock exchanges
Designated sponsorship	Stifel Europe Bank AG
Shares outstanding as of 31 December 2021	124,579,487
Share class	No-par-value registered shares of common stock
Xetra closing price on 30 December 2020	€ 1.68
Xetra share price high in 2021	€ 2.27
Xetra share price low in 2021	€ 1.61
Xetra closing price on 30 December 2021	€ 1.96

Information about share price performance in first quarter of 2022

Global stock markets have come under enormous pressure since the end of February 2022. This was triggered by Russia attacking Ukraine, the subsequent massive rise in energy prices and concerns as to future macroeconomic developments. Around the world, lead indices such as the DAX or TecDAX have reported reductions on a double-digit percentage scale. q.beyond's share price has also fallen significantly. We will comment on the current share price performance and the outlook for our shares in a changed geopolitical context in q.beyond's blog at the beginning of April 2022.

DATAC

This modern workplace and collaboration specialist develops and supervises holistic solutions for the digital world of work. datac has been part of q.beyond since June 2021.

Experienced specialist
for Microsoft products

> 50 IT experts
in Augsburg and Düsseldorf

> 700 customers
in SME sector

Modern workplace

More at www.datac-gmbh.de*

* Website only available in German.

Group Management Report[1]

[1] Contents of websites or publications to which we refer in the Group Management Report do not form part of the Group Management Report but merely serve to provide further information. One exception is the Corporate Governance Statement pursuant to § 289f and § 315d HGB.

Group Fundamentals

Business Activities

q.beyond AG ("q.beyond" or "the company") 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. The company has all-round expertise in Cloud & IoT and in SAP. With nationwide locations and its own certified data centres, it is one of Germany's leading IT service providers.

The operating business is managed in two segments: "Cloud & IoT" and "SAP".

Cloud & IoT: comprehensive range of services for state-of-the-art IT

Companies wishing to survive and flourish in a climate of digital competition need IT structures that are fit for the 21st century: flexibly adaptable, well networked and secure. These are exactly what our company offers: Its services range from turnkey cloud modules to digital workplaces for networked mobile work in the cloud through to individual IT outsourcing services. Private cloud solutions are just as feasible as hybrid concepts which, depending on the tasks to be performed, integrate both a variety of cloud infrastructures and services as well as cloud applications from various providers. Cloud solutions function independently of the underlying infrastructure and, depending on customers' wishes, can be run at our own data centres or at third parties such as the hyperscalers Amazon, Google and Microsoft.

This range of services is supplemented with an IoT portfolio and a growing number of software as a service (SaaS) solutions. In this, we supply all key elements for turnkey and scalable IoT solutions by way of edge computing: consulting, hardware and software development, standard products such as sensors, actuators and adapters, as well as components such as chips and protocols. Solutions of this kind are also increasingly being integrated into our SaaS solutions for individual sectors. Our "Store-Butler", a platform which enables retailers to press ahead with digitalising their stores, was brought to market maturity in 2021.

SAP: q.beyond is a full-service provider with 20 years of project experience

The second segment covers the entire range of services involved in using SAP software. Introducing and operating the new SAP S/4HANA programme generation is playing an increasingly prominent role here. Together with our customers, we devise roadmaps, put them into practice, convert existing systems and automate processes. As a medium-sized company ourselves, we understand the processes in place at SMEs and know exactly how to portray these with maximum efficiency in SAP. Our portfolio therefore includes SAP consulting, as well as application management, hosting and basic operations. We also provide maintenance and licence management services. With SAP managed services, we offer all-in packages including software and hardware for direct deployment.

Market and Competitive Position

We are an IT service provider and concentrate our activities on medium-sized companies based in Germany. Thanks to our own character as a medium-sized company, our presence throughout Germany and the fact that all our data centres are located within the country's borders, we enjoy a high degree of acceptance among this target group. To be able to address the specific needs of our customers, we focus on the key segments of retail, manufacturing, energy and, since 2021, logistics. In the 2021 financial year, these sectors accounted for 70% of our revenues. Further information about our markets can be in the **chapter "Macroeconomic and Industry Framework".**

According to the Lünendonk study "The IT Consulting and IT Service Market in Germany" dated August 2021, our company was one of the 10 fastest-growing IT service providers in Germany in 2020. This strong growth enabled us to consolidate our position as one of the country's 10 largest IT service providers.

Top 10

q.beyond is one of Germany's ten fastest-growing IT service providers

Strategy

Further development of "2020plus" growth strategy

Since 2019, our company has pursued its "2020plus" growth strategy, which has a timeframe until 2022. As the consolidated financial statements testify, we have since generated significant growth in our three main key figures of revenues, EBITDA and free cash flow. Our growth strategy is based on five core elements:

- **Attractive core business.** Software-based services and internally developed products and services (proprietary IP) facilitate high scalability. Long-term customer agreements provide for recurring revenues and high levels of customer retention.
- **Platform innovations.** The portfolio of services covers and smartly links the digital value chain. These interconnections give rise to SaaS solutions for individual sectors and forward-looking applications.
- **Sector focus.** Our product development, partner management and sales activities focus on the sectors of retail, logistics, manufacturing, and energy.
- **Experienced team.** The industry, technology and sales expertise pooled in our overall workforce and management ensure great proximity to customers and promote the smart implementation of our growth strategy.

- **Investments in the future.** Our high equity ratio and high volume of available liquidity enable us to make continuous investments in future growth, and particularly in internally developed innovations and highly qualified staff. q.beyond is also boosting its growth momentum by making targeted acquisitions.

Strategy proves its value during pandemic

Our strategy focuses on supporting and accompanying medium-sized companies in Germany in their digital transformation. We aspire to make our customers fit for the digital future and revolutionise their business models. These skills were in particularly great demand during the pandemic, when many customers accelerated their digitalisation. The resultant increase in demand was decisive in enabling us to significantly increase our revenues in 2020 and 2021, the two years dominated by the pandemic.

In the years ahead, we will uphold this proven strategy under the title of “beyond 2022”. We will retain large parts of the existing strategy and sharpen our focus in some areas. The core elements of the strategy will remain unchanged. The “strong team” will be classified within the superordinate element of “sustainability” in order to account for the growing importance of this topic. In coming years, customers will deliberately select climate-neutral IT service providers in order to reduce their own CO_2 footprints. q.beyond aims to become climate neutral itself by 2025.

Not only that: We are systematically expanding our SaaS portfolio and accelerating its development and marketing. We thus anticipate growing demand from market players for integrated solutions which meet their needs as digitalisation advances. Today, the “StoreButler” already satisfies retailers’ main requirements when it comes to digital stores.

With our “beyond 2022” growth strategy, we are systematically expanding the SaaS portfolio and accelerating its development and marketing.

Research and Development

We operate in highly dynamic markets and deploy the latest technologies. Innovation is therefore an integral component of our operating business. This mostly involves quality and process-related innovations. It also means integrating new technologies, such as artificial intelligence, into existing or new solutions.

This being so, we view research and development ("R&D") primarily as a cross-divisional activity. We therefore do not report the number of employees working in R&D. The R&D budget also provides only limited information about innovation processes. Here, q.beyond chiefly recognises work performed on further developing its platform services and sector solutions; no development services were capitalised. Total research and development expenses amounted to € 7.6 million in 2021, as against € 6.7 million in the previous year.

Competence centres for key technologies

We pool the work performed on development projects at competence centres. For the core business with Cloud and SAP, the competence centre is in Hamburg, while resources relating to IoT topics are centred in Cologne. Following the takeover of Incloud in 2020, the competence centre for software engineering is in Darmstadt. Since summer 2021, datac, another company taken over by q.beyond, has assumed the leading role for all Microsoft topics. We have a further location in Riga/Latvia which supports all aspects of software development.

The number of software experts has been rising across all business units since 2020. Over time, their work is expanding our intellectual property (IP). The "StoreButler", a store digitalisation platform, was launched onto the market in 2021. This one-stop solution comprising cloud and IoT technology permits any number of terminals and sensors to be connected using edge devises, smoothly integrates third-part IT applications and thus creates a uniform IT infrastructure for all digital solutions. In Fressnapf, we have already gained a first major customer for this platform innovation. A corresponding solution for our focus sector of manufacturing is currently in deployment at a first pilot customer. Work is also underway on a platform for the focus sector of logistics.

By taking over scanplus in December 2021 – **cf. Page 41** –, we also acquired a highly scalable cloud portal. Based on a modular principle, this portal provides customers, at present mostly SMEs, with automated cloud-based IT services that are commissioned from Telekom Deutschland. We will further expand this highly innovative solution and thus create a platform for business with small and medium-sized companies.

Organisation

Our company has its domicile in Cologne and locations throughout Germany. At the end of 2021, it also had four larger-scale wholly-owned subsidiaries: the software engineering specialist Incloud Engineering GmbH, the modern workspace specialist datac Kommunikationssysteme GmbH, the cloud and IT security provider scanplus GmbH, and the development subsidiary Q.BEYOND SIA, which is located in Riga / Latvia. Via its majority stake in q.beyond logineer GmbH, q.beyond has since 2021 marketed turnkey IT services for medium-sized logistics companies. Further subsidiaries address the automation of production processes, digitalisation in the retail sector and the development of software tailored to the needs of logistics companies. A complete overview of the scope of consolidation as of 31 December 2021 can be found in **Note 34 in the Notes to the Consolidated Financial Statements.**

Corporate Management

q.beyond is managed on the level of its segments. The following are the most important key financial performance indicators referred to on group level: revenues, EBITDA, and free cash flow. To date, no reference has been made to non-financial performance indicators for corporate management purposes.

EBITDA is defined as earnings before interest, taxes, share-based compensation, and depreciation / amortisation and impairment losses recognised on property, plant and equipment and intangible assets.

The EBITDA margin presents EBITDA as a percentage of revenues. The free cash flow presents the change in net liquidity before acquisitions and distributions, but nevertheless includes inflows of funds from divestments. The key figure referred to by management when managing the segments is the segment contribution. This is defined as EBITDA before general and administrative expenses and the other operating result. The segment margin presents the segment contribution as a percentage of the respective revenues.

The monthly reports contain all relevant key figures and budget / actual comparisons. They serve as an important basis of discussion for the Management and Supervisory Boards. Moreover, the latest budget / actual comparisons are used as a basis for regularly updating the rolling planning. This acts as an early warning system for potential variances, thus enabling corrective measures to be taken at an early stage. One integral component of reporting is the **risk management system, which is described from Page 52 onwards of this Group Management Report.** This ensures that any changes in opportunities and risks are directly factored into the management system.

Employees

Our success is based on the commitment and willingness to perform of all our employees. For this reason alone, our company has always accorded great priority to employee concerns. q.beyond had 1,139 employees as of 31 December 2021, as against 936 employees one year earlier. This increase is mainly due to the acquisitions made in 2021, which are reported in greater detail in the **chapter "Business Performance" from Page 39 onwards.** Our Sustainability Report contains extensive information about our personnel strategy and policies.

Sustainability Report

Pursuant to § 289b (3) and § 315b (3) of the German Commercial Code (HGB), we compile a separate non-financial (group) report independently of the Group Management Report. This separate report will be published on our website at **www.qbeyond.de/en/ir-publications** by the end of April 2022 and will then be permanently available there. The report will include disclosures on the non-financial declaration pursuant to § 315c HGB in conjunction with § 289c HGB and will be reviewed by the Supervisory Board.

Corporate Governance Statement

We have published our Corporate Governance Statement for the 2021 financial year pursuant to § 289f and § 315d of the German Commercial Code (HGB) at **www.qbeyond.de/en/cgs** and made this permanently available. As well as the declaration made pursuant to § 161 of the German Stock Corporation Act (AktG), this statement also includes extensive disclosures on corporate governance practices, on the composition and mode of operation of the Management and Supervisory Boards, and a diversity concept.

Remuneration Systems and Remuneration Report

Consistent with legal requirements, our company has for the first time compiled a separate remuneration report for the Management and Supervisory Boards pursuant to § 162 of the German Stock Corporation Act (AktG). The report will be submitted for approval by the Annual General Meeting in May 2022. It provides extensive information on the structure of the remuneration system for the Management Board pursuant to § 87a AktG, which was approved by the Annual General Meeting in May 2021, and includes all disclosures required on Supervisory Board remuneration. The remuneration report for the 2021 financial year, the auditor's report on its audit of the remuneration report, the currently valid remuneration system for members of the Management and Supervisory Boards and the most recent resolutions adopted by the Annual General Meeting in respect of the remuneration systems for the Management and Supervisory Boards and of Supervisory Board remuneration will be available from 30 March 2022 on the website of q.beyond AG at **www.qbeyond.de/remuneration.**

Takeover-related Disclosures and Explanatory Comments

The following overview outlines the disclosures mandatory under § 315a (1) of the German Commercial Code (HGB). Overall, these involve regulations that are typical at listed companies. The disclosures below reflect the circumstances at the balance sheet date.

Composition of issued capital

Issued capital amounted to € 124,579,487 as of 31 December 2021 and was divided into 124,579,487 no-par registered ordinary shares. According to the Share Register, these shares were distributed among 23,849 shareholders.

Limitations on voting rights or transfer of shares

Each share grants one vote at the Annual General Meeting. A voting and pooling agreement is in place between the following shareholders with direct and indirect holdings in q.beyond: Dr. Bernd Schlobohm, Gerd Eickers and Gerd Eickers Vermögensverwaltungs GmbH & Co. KG. This agreement provides for the uniform exercising of voting rights and restrictions relating to the disposability of the pool-bound shares.

The Management Board is otherwise not aware of any further limitations on voting rights or restrictions on the transfer of shares. There are also no special rights conferring powers of control. Furthermore, there are no voting right controls for employee holdings in capital.

Capital holdings of more than 10%

The following direct and (pursuant to § 34 of the German Securities Trading Act [WpHG]) indirect holdings in the company's capital exceed 10% of voting rights:

- Dr. Bernd Schlobohm, Germany,
  25.32% of voting rights
  (of which: 12.66% directly and 12.66% indirectly)

- Gerd Eickers, Germany,
  25.32% of voting rights (indirectly)

- Gerd Eickers Vermögensverwaltungs GmbH & Co. KG, Cologne, Germany,
  25.32% of voting rights
  (of which 12.66% directly and 12.66% indirectly).

A voting and pooling agreement is in place between the following shareholders with direct and indirect holdings in q.beyond: Dr. Bernd Schlobohm, Gerd Eickers and Gerd Eickers Vermögensverwaltungs GmbH & Co. KG; together, these shareholders hold a combined total of 25.32% of the voting rights in q.beyond.

Appointment and dismissal of Management Board members

The appointment and dismissal of members of the Management Board is governed by § 84 and § 85 of the German Stock Corporation Act (AktG) and by § 7 of the Articles of Association in their version dated

31 January 2022. Pursuant to § 7 of the Articles of Association, the Management Board comprises one or more individuals. The Supervisory Board determines the number of Management Board members. Even though issued capital exceeds € 3 million, the Supervisory Board may stipulate that the Management Board should consist of only one individual. The appointment of deputy members of the Management Board is permitted.

Amendments to Articles of Association

Pursuant to § 179 AktG, amendments to the Articles of Association require a resolution adopted by a majority of at least 75% of issued capital represented at a shareholders' meeting. Pursuant to § 15 of the Articles of Association, the Supervisory Board is authorised to adopt amendments and additions to the Articles of the Association that are of a purely formal nature and in themselves do not involve any changes to actual content.

Acquisitions and buyback of treasury stock

By resolution of the Annual General Meeting on 12 July 2018, the Management Board is authorised pursuant to § 71 (1) No. 8 AktG until 11 July 2023 to acquire q.beyond shares on a scale of up to 10% of issued capital. To date, the Management Board has not acted on this authorisation.

Authorised capital

By resolution of the Annual General Meeting on 20 May 2020, the Management Board is authorised, subject to approval by the Supervisory Board, to increase the company's issued capital by up to a total of € 37,000,000 on one or several occasions up to 19 May 2025 by issuing new no-par registered shares in return for contributions in cash and / or kind (Authorised Capital 2020). When drawing on authorised capital, the Management Board may, subject to approval by the Supervisory Board, exclude shareholders' subscription rights in five cases: (1) to exclude residual amounts from shareholders' subscription rights; (2) when the new shares are issued in return for contributions in kind, particularly in the context of company acquisitions; (3) if, pursuant to § 186 (3) Sentence 4 AktG, the new shares are issued in return for cash contributions and if, at the time of final stipulation, the issue price does not fall materially short of the stock market price of the shares already listed; (4) to the extent necessary to issue subscription rights for new shares to the bearers or creditors of warrant and / or convertible bonds in order to avoid dilution of their respective holdings; and (5) if the new shares are to be issued to employees of the company, employees of a company affiliated to the company, or members of the management of a company affiliated with the company in the context of share participation or other share-based plans. The number of shares issued to the exclusion of subscription rights in the final case may not exceed an aggregate total of 5% of issued capital.

This authorised capital is intended to enable q.beyond to react swiftly and flexibly to opportunities arising on the capital market and where necessary to obtain equity capital on favourable terms. No use was made of authorised capital in the past financial year.

Conditional capital

The company had conditional capital totalling € 27,344,500 as of the balance sheet date. This was divided into Conditional Capital IV (€ 25,000,000), Conditional Capital VIII (€ 1,919,500) and Conditional Capital IX (€ 425,000).

Conditional Capitals VIII and IX serve to secure the conversion rights of bearers of convertible bonds that q.beyond has issued within the framework of existing stock option plans to Management Board members (Conditional Capital IX) or to Management Board members, managing directors of affiliated companies, employees of q.beyond and affiliated companies (Conditional Capital VIII). Conditional Capital IV may be used by the Management Board to create tradable warrant and / or convertible bonds. The Management Board is authorised by resolution of the Annual General Meeting on 20 May 2020 to issue such instruments in order to access an additional, low-interest financing option given favourable capital market conditions. The bonds may be issued in return for both cash contributions and contributions in kind. The Management Board is authorised, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights to these warrant and / or convertible bonds in four cases: (1) to settle residual amounts resulting from the subscription ratio; (2) when the bonds are issued in return for contributions in kind, particularly in the context of company acquisitions; (3) if, in the case of bonds being issued in return for cash contributions pursuant to § 186 (3) Sentence 4 AktG, the issue price does not fall materially short of the market value of the bonds; and (4) to the extent necessary to issue subscription rights to the bearers or creditors of warrant and / or convertible bonds previously issued in order to avoid dilution of their respective holdings. To date, the Management Board has not acted on the authorisation to issue tradable warrant and / or convertible bonds.

Capital limits for the exclusion of subscription rights

The exclusion of shareholders' subscription rights pursuant to § 186 (3) Sentence 4 AktG may apply for the use of treasury stock, for the issue of new shares from authorised capital and for the issue of warrant and / or convertible bonds corresponding to an aggregate total of no more than 10% of issued capital during the term of the respective authorisation. Apart from this, the exclusion of shareholders' subscription rights for the issue of new shares from authorised capital and for the issue of warrant and / or convertible bonds (excluding those issued within q.beyond's stock option plans) may not exceed an aggregate total of 20% of issued capital during the term of the respective authorisation. Treasury stocks sold to the exclusion of subscription rights would be imputed to the 20% of issued capital limit if they were sold during the term of the other authorisations.

Further details apply in accordance with the underlying resolutions adopted by the Annual General Meeting for each of these measures.

Material agreements applicable in the event of takeover bids

The company has no material agreements conditional on a change of control due to a takeover bid. Furthermore, no compensation agreements in the event of a takeover bid have been concluded either with the Management Board or with employees.

Business Report

Overall Summary / Actual vs. Forecast Business Performance

q.beyond increases revenues, EBITDA and free cash flow in 2021 and meets all targets

Our company consistently implemented its "2020plus" growth strategy once again in 2021. In what was the second year of the coronavirus pandemic, it met all the targets set out in its forecast, which was updated several times as the year progressed. We originally expected to increase our revenues to between € 160 million and € 170 million and generate EBITDA of between € 5 million and € 10 million and free cash flow of between € -5 million and € -10 million. Following the successful sale of the first part of our colocation business in August 2021, we raised our forecast and budgeted for EBITDA of between € 8 million and € 13 million and free cash flow of between € -2 million and € +3 million. A few weeks later, in September 2021, we sold the remaining colocation activities, which had contributed revenues totalling around € 5 million each quarter. Taking due account of transaction-related items, our company subsequently expected to generate full-year revenues of between € 155 million and € 165 million in 2021. Following an initial assessment of the deconsolidation effects, EBITDA was then expected to increase to at least € 27 million and free cash flow to at least € 33 million. In early November, it became apparent that the deconsolidation effects would probably be even higher. We therefore raised the EBITDA forecast once again, in this case to more than € 31 million. With EBITDA of € 31.7 million (2020: € -2.0 million), we met this target. The same is true of free cash flow which, at € 33.2 million, met the raised target (2020: € -15.8 million). At € 155.2 million, revenues were also consistent with expectations and € 11.8 million higher than in the previous year.

Macroeconomic and Industry Framework

q.beyond traditionally focuses on the German market. In the past financial year, macroeconomic developments here were greatly dependent on the course of the coronavirus pandemic and the respective restrictions. Following a five-percent reduction in the previous year, gross domestic product grew by 2.7%[2]. This means that economic output did not yet regain its pre-pandemic level.

IT revenues rise by 6.3%

Based on calculations compiled by the Bitkom sector association[3], the IT sector grew more than twice as fast as the overall economy in 2021, with revenues rising by 6.3% to € 102.5 billion. Bitkom attributed this growth above all to the fact that digitalisation was the answer to the challenges of our times and had a key role to play in tackling these. Alongside the pandemic, the challenges referred to by Bitkom also included climate change and global competition for suitable locations. Against this

[2] Federal Statistical Office, press release 020 dated 14 January 2022.
[3] Bitkom, market statistics 2021/2022, press release dated 11 January 2022.

backdrop, businesses, governments and large sections of society have accelerated their digitalisation and invested accordingly. In 2021, this particularly benefited software providers, whose revenues grew by 9.0%. By contrast, the ongoing restrictions on contact in particular meant that revenue growth in the IT services business, including consulting, was no higher than 3.9%. With revenue growth of 8.2%, q.beyond outperformed the market for IT services and the overall IT market in Germany.

Cloud business benefits from advancing digitalisation

The pandemic has boosted the significance of the cloud even further, as is apparent from the most recent KPMG Cloud Monitor[4]. According to the findings of this survey, 82% of German companies with more than 20 employees made use of cloud computing, while a further 15% were planning to do so. This is closely linked to the advance of digitalisation. No fewer than 88% of companies in Germany now accord great or even very great importance to their own digitalisation. That is particularly true for the digitalisation of processes and assignments. According to the survey, the cloud is also playing an ever greater role when it comes to dovetailing specialist departments and IT and developing platforms for flexible cooperation.

88%

of companies attach great importance to the cloud for their own digitalisation

However, the current KPMG Cloud Monitor also reveals that one company in three still does not have a cloud transformation strategy in place. These companies exclusively involve SMEs with fewer than 2,000 employees. For q.beyond, this situation harbours numerous growth opportunities; that is because we cover the whole of the digital value chain and are therefore able to provide all-round strategic and operational support to SMEs as they tackle their transformation, which will be unavoidable sooner or later. The key focuses that will then apply can already be seen from the approach taken by large companies with more than 2,000 employees. More than half of these are already pursuing a cloud-first strategy, which preferentially locates applications in the cloud and migrates them when necessary. One in four of these companies is even relying on a cloud-only strategy for all systems and applications.

S/4HANA migration leads to growth surge in SAP business

In the SAP business, the conversion to the new S/4HANA software generation is slowly gaining momentum. According to the "German-speaking SAP User Group" (Deutschsprachige SAP-Anwendergruppe e. V., DSAG)[5], 24% of companies have now made this transition, while 20% are in the process of doing so. This nevertheless means that more than half of users still face the challenge of launching the new generation in the coming years. The support provided for the current software generation is due to expire in 2027. For q.beyond, this offers the opportunity of assisting numerous companies with their migration to S/4HANA in the years ahead as well. In 2021, for example, Tchibo converted its SAP Retail System to SAP S/4HANA with q.beyond acting as the lead implementation partner and now operates one of the largest sector solutions in Europe.

[4] KPMG, Cloud Monitor 2021.
[5] Deutschsprachige SAP-Anwendergruppe e. V. (DSAG), press release dated 22 July 2021.

Business Performance

Success driven by consistent implementation of "2020plus" growth strategy

q.beyond upheld its growth course once again in the second year of the coronavirus pandemic. Its dynamic performance was driven by the unrelentingly consistent implementation of its "2020plus" growth strategy, which also made a key contribution to the sustainable growth in the company's value. This key figure, which is measured as the company's market capitalisation less net liquidity, grew by 14% to € 188.0 million in 2021.

More than three quarters of revenues are recurring

The company's growth strategy focuses on an attractive core business with a high share of recurring revenues. In 2021, these accounted for 77% of total revenues. In this, we focus on digitalisation and on developing and implementing forward-looking business models in the focus sectors of retail, logistics, manufacturing, and energy. These sectors accounted for a 70% share of total revenues in the past financial year.

We are continually expanding our strong position in these focus sectors by developing our own intellectual property (IP). One key focus involves developing platform innovations such as the "Store-Butler" for retailers. Further information about this can be found under **"Research and Development" on Page 31.**

Strategy supported by acquisitions

Acquisitions of companies and investments in companies are a major component of our growth strategy. These extend our IP and provide us with fresh growth perspectives. In our M&A strategy, we focus on acquiring majority stakes in technology companies that reinforce our existing sector focuses, extend our product portfolio or supplement our existing technological expertise. We successfully executed various takeovers and acquired stakes in companies in the course of 2021.

Takeover of modern workplace specialist datac

In June 2021, our company acquired 100% of the shares in datac Kommunikationssysteme GmbH. Based in Augsburg, this modern workplace and collaboration specialist develops and supports holistic solutions for the digitalised world of work on behalf of medium-sized customers. In this, it works above all with Microsoft products such as Office 365 and Teams. This takeover has enabled us to extend our expertise in the field of digital workplaces and, with the offices in Augsburg, to gain a location in an economically attractive region.

Investments in self-checkout specialist snabble

At the end of July 2021, our company acquired a 25.4% stake in snabble GmbH and thus reinforced its strong position in the retail sector. snabble has documented the functionality and market maturity of its proprietary self-checkout solutions at large

"The new record level of new orders creates a superb basis for strong growth in 2022 and beyond."

Jürgen Hermann // CEO of q.beyond AG

84%

of orders in 2021 were placed by new customers or involved new projects with existing customers

16%

of orders in 2021 related to contract extensions

retailers such as Aldi Suisse and tegut. q.beyond had already worked together with snabble on initial projects and, by making this investment, has now firmed up these links. We have the option of increasing the shareholding from 2023 and of acquiring a majority stake.

Acquisition of highly scalable cloud portal

In December 2021, our company acquired the operating business of scanplus GmbH. This Ulm-based company, which particularly focuses on cloud and IT security environments, has an internally developed highly scalable cloud portal which provides automated high-performance managed IT services, such as managed connectivity and managed security, to SMEs from the private and public cloud. It sells its products in particular via Telekom Deutschland GmbH. Based on multi-year contracts, scanplus, which is currently in administration proceedings, most recently generated annual revenues of more than € 20 million. The cloud portal at scanplus ideally complements q.beyond's portfolio. In future, small and medium-sized companies will be able to conveniently assemble a cloud-based IT solution.

Sale of colocation activities

Alongside acquisitions, our growth strategy also involves divestments. In the third quarter of 2021, our company sold its colocation business in two transactions. At the end of July 2021, the existing customer DATEV acquired the resources it uses, which were pooled at IP Colocation GmbH. In mid-September 2021, NorthC Group Deutschland GmbH took over the significantly larger company IP Exchange GmbH. The sale of the entire colocation business, which generated annual revenues of around € 20 million, generated proceeds (enterprise value) of around € 54 million in total. Following the completion of this sales process, our company can focus entirely on its high-growth core business, thus honing its position, and now has even greater financial scope.

Launch of activities in fourth focus sector of logistics

By gaining its first major logistics customer, in May 2021 q.beyond successfully launched its fourth focus sector; we market all our activities here under the "logineer" brand. The contract with Röhlig Logistics has a five-year term and a volume in a medium double-digit million euro range. This international owner-run specialist for intercontinental sea and air freight and contract logistics has commissioned our company to further advance its digital strategy. Alongside traditional IT operations, our tasks also include supporting the company in expanding its central CargoWise system and its contract logistics system platform, as well as with SAP Finance topics and data analytics challenges. Together, the two companies will also be pressing ahead with developing platform-based innovations for the logistics sector.

New record volume of new orders

Just like in logistics, q.beyond's sales activities also led to the successful conclusion of numerous agreements in its other focus sectors and beyond in 2021. New orders showed a corresponding increase of 15% to € 184.5 million. Of these orders, 84% were placed by new customers or involved new projects with existing customers, 16% related to contract extensions. This new record volume of new orders creates a superb basis for generating strong growth in the current financial year and beyond.

Key Performance Indicators

Full-year revenues of € 155.2 million in 2021

Revenues rose to € 155.2 million in the past financial year, up from € 143.4 million in the previous year. The key growth driver was once again the Cloud & IoT segment, where revenues rose by 11% to € 113.7 million. The SAP segment, parts of which require intensive consulting input, generated revenues of € 41.5 million in the second year of the coronavirus pandemic and thus matched the figure reported for 2020 (€ 41.4 million).

EBITDA shows one-off increase to € 31.7 million

EBITDA, a definition of which can be found on **Page 32,** rose to € 31.7 million in 2021, compared with € -2.0 million in the previous year. This sharp increase was chiefly due to deconsolidation effects of € 29.5 million resulting from the sale of the colocation business in the third quarter of 2021.

€ 56.2 m

q.beyond's net liquidity as of 31 December 2021

Free cash flow with one-off improvement to € 33.2 million

q.beyond generated free cash flow of € 33.2 million in 2021, as against € -15.8 million in the previous year. As is the case for EBITDA, this increase was primarily attributable to the successful sale of the colocation business.

We had net liquidity of € 56.2 million as of 31 December 2021, compared with € 44.9 million as of 31 December 2020. Net liquidity is calculated on the basis of liquid funds of € 56.7 million as of 31 December 2021 less a loan of € 0.5 million within the group of consolidated companies. The change in this net liquidity excluding IFRS 16 lease liabilities traditionally corresponds to the free cash flow, with this figure previously being adjusted to exclude non-operating items such as acquisitions. In the past financial year, q.beyond expended a total of € 21.9 million to take over the whole of datac and all the operating business at scanplus, to launch activities in the logistics sector and to acquire its stake in snabble. Including these non-operating factors, the free cash flow for 2021 amounted to € 33.2 million.

Earnings Performance

Our business model is disproportionately scalable, as is apparent if the revenue performance is compared with the development in the cost of revenues. While revenues rose by € 11.8 million to € 155.2 million in 2021, the corresponding cost of revenues grew by just € 4.2 million to € 136.0 million. As a result, gross profit improved by 65% to € 19.1 million.

One-off items from sale of colocation business

At € 12.8 million, sales and marketing expenses remained at the same level in 2021 as in the previous year (€ 12.7 million). By contrast, general and administrative expenses rose to € 22.3 million, up from € 19.9 million 2020. This nevertheless involves a one-off increase due to the legal, advisory and transaction costs incurred upon the sale of the colocation business and the acquisitions made during 2021. The other operating expenses of € -5.1 million (2020: € -0.7 million) include further transaction costs that are not attributable to administrative activities.

The increase in other operating income to € 36.3 million, as against € 2.9 million in the previous year, was mainly attributable to the deconsolidation result for the colocation business. Most of the one-off income involves accounting gains resulting from the difference between the agreed sale price and the amounts recognised for the respective assets and goodwill.

Our company's operating earnings strength is best understood if, like in the quarterly reports published during the financial year, depreciation, amortisation and non-cash share-based compensation are reported separately in the income statement. Consistent with IAS 1, these items form part of the individual cost items in the consolidated financial statements in this report. The abridged income statement presented below includes depreciation and amortisation as a separate line item.

Depreciation and amortisation, including share-based compensation, amounted to € 16.6 million in 2021, compared with € 16.8 million in the previous year; of this, an amount of € 4.6 million in the past financial year related to depreciation of IFRS 16

€ million	2021	2020
Revenues	**155.2**	**143.4**
Cost of revenues[1]	(124.9)	(120.3)
Gross profit[1]	**30.3**	**23.2**
Sales and marketing expenses[1]	(12.6)	(12.6)
General and administrative expenses[1]	(17.2)	(14.7)
Other operating result	31.2	2.1
EBITDA	**31.7**	**(2.0)**
Depreciation and amortisation	(16.3)	(16.8)
Share-based compensation	(0.2)	-
Operating earnings (EBIT)	**15.2**	**(18.8)**

[1] Excluding depreciation, amortisation and share-based compensation.

lease liabilities. Operating earnings (EBIT) came to € 15.2 million; in the previous year, this key figure still stood at € -18.8 million. Alongside the advances made in the operating business, this increase was due above all to the successful sale of the colocation business. Accounting for the financial result, earnings before taxes on income amounted to € 14.6 million, as against € -19.3 million in 2020. Taxes on income stood at € -4.8 million in 2021, compared with € -0.6 million in the previous year. This resulted in consolidated net income of € 9.8 million, up from € -19.9 million in the previous year.

Earnings Performance by Segment

Cloud business posts strong growth, with disproportionate increase in earnings

Revenues in the Cloud & IoT segment rose by € 11.7 million to € 113.7 million in the past year. This continuing growth momentum was driven in particular by the company's success in its Cloud Services business, with particularly strong demand for virtual workplaces in the second year of the coronavirus pandemic as well. Furthermore, demand from SMEs for professional solutions to operate their IT and for their cloud transformation also continued to grow as rapidly as ever.

Due to the scalability of the business model, the cost of revenues only rose to € 91.1 million, as against € 85.6 million in 2020. Gross profit therefore improved to € 22.5 million, up from € 16.5 million in the previous year. Sales and marketing expenses amounted to € 10.2 million in 2021, up from € 8.7 million in the previous year. The segment contribution (operating earnings before general and administrative expenses and the other operating result) rose to € 12.3 million, compared with € 7.8 million in 2020. Based on revenue growth of 11%, the segment contribution improved within one year by 58%.

SAP business sustainably increases profitability

As in the previous year, the SAP business, parts of which require intensive consulting input, was affected far more severely than the Cloud & IoT business by the temporary lockdowns and ongoing restrictions on contact in 2021. In this challenging climate, the segment successfully stabilised its revenues at € 41.5 million, compared with € 41.4 million in the 2020.

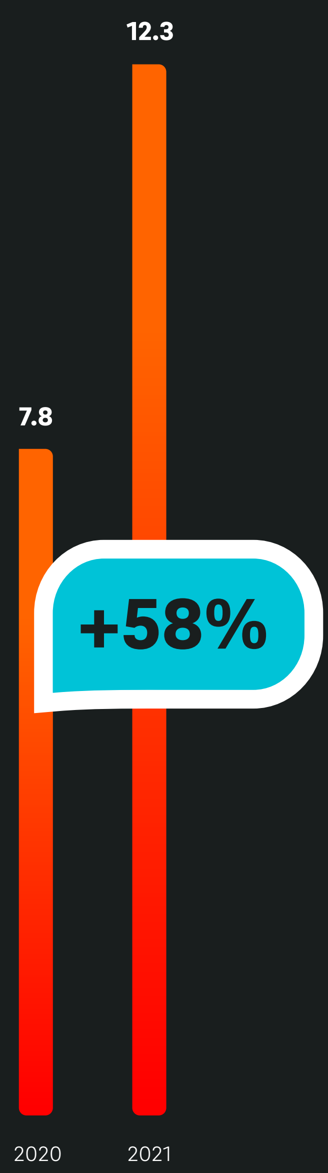
The cost of revenues fell by € 1.0 million to € 33.7 million in the past financial year. Among other factors, this was due to less use being made of external experts. Gross profit therefore rose to € 7.8 million, up from € 6.7 million in 2020. At € 2.4 million, sales and marketing expenses were significantly lower in 2021 than one year earlier (2020: € 3.9 million). Given these significantly lower expenses, the segment contribution almost doubled to € 5.4 million, compared with € 2.8 million in 2020. The segment margin improved by 6 percentage points to 13%.

Financial Position

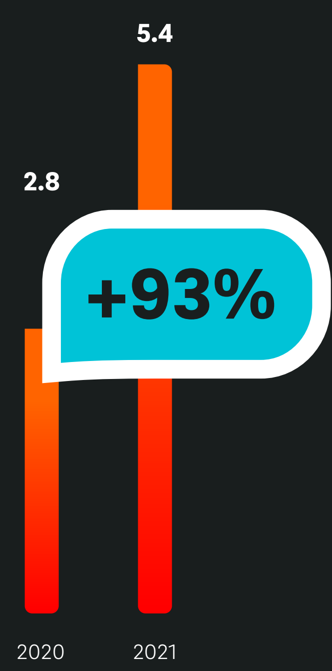
Our company finances all its activities from existing liquidity. As of 31 December 2021, the balance sheet showed cash and cash equivalents of € 56.7 million.

Disproportionate earnings growth in both segments underlines the scalability of our business model.

Segment contribution
Cloud & IoT in € million



Segment contribution
SAP in € million



q.beyond finances itself in full from its existing liquidity and remained virtually free of debt in 2021 as well.

There were no liabilities to banks as, apart from a loan of € 0.5 million made within the scope of consolidation, our company is free of debt. Financial management safeguards the smooth financing of the operating business and of upcoming capital expenditure. In this, it pursues two core objectives: maintaining and optimising the company's financing capacity and reducing its financial risks. Surplus liquidity is exclusively invested in money market and low-risk investments. As the predominant share of q.beyond's operations are in the euro area, the company is not exposed to exchange risks. Further information about financial risk management can be found in **Note 40 in the Notes to the Consolidated Financial Statements.**

The cash flow statement provides information about the changes in liquid funds in the past financial year. The cash flow from operating activities amounted to € -7.7 million in 2021, as against € -5.0 million in the previous year. The cash flow from investing activities totalled € 24.7 million, compared with € -7.1 million one year earlier. The cash flow from financing activities, which chiefly involves lease payments and in the previous year also included a dividend payment of € 3.7 million, came to € -5.3 million, compared with € -9.1 million in 2020.

Asset Position

Capital expenditure of € 8.1 million in 2021 financial year

Excluding the impact of IFRS 16, capital expenditure totalled € 8.1 million in 2021, up from € 5.5 million in the previous year. This increase largely resulted from investments made in right-of-use assets in the IoT business. As in the previous year, our company's investments related almost exclusively to technology and other items of property, plant and equipment. The key focus here was on the ongoing modernisation of the company's data centres.

Non-current assets and liquidity dominate asset side of balance sheet

Total assets amounted to € 200.3 million as of 31 December 2021, as against € 190.9 million in the previous year. Here, non-current assets decreased in value from € 102.1 million at the previous year's balance sheet date to € 97.2 million as of 31 December 2021. Despite depreciation and amortisation and the deconsolidation of the colocation business, the largest items within non-current assets are still property, plant and equipment (€ 21.6 million; 2020: € 28.3 million), land and buildings (€ 17.4 million; 2020: € 20.7 million) and right-of-use assets (€ 12.8 million; 2020: € 15.8 million). The increase in goodwill by € 9.0 million to € 30.0 million as of 31 December 2021 reflects the acquisitions (datac, logineer, scanplus) and divestments (IP Colocation, IP Exchange) in the course of the year.

Current assets rose to € 103.1 million as of 31 December 2021, compared with € 88.8 million one year earlier. This increase was due in particular to the higher volume of cash and cash equivalents, which totalled € 56.7 million as of 31 December 2021 as against € 44.9 million at the previous year's balance sheet date. Furthermore, prepayments rose to € 5.8 million, up from € 3.2 million as of 31 December 2020, while other current assets increased from € 3.5 million to € 5.0 million. By contrast, trade receivables fell to € 35.4 million, down from € 37.1 million at the previous year's balance sheet date.

Solid balance sheet with equity ratio of 74%

Shareholders' equity increased from € 136.6 million at the previous year's balance sheet date to € 147.4 million as of 31 December 2021. This improvement was primarily driven by the consolidated net income generated in the 2021 financial year. The equity ratio rose by 2 percentage points to 74% as of 31 December 2021.

Non-current liabilities decreased from € 19.3 million as of 31 December 2020 to € 13.5 million as of 31 December 2021. This was mainly attributable to the transaction-related reduction in IFRS 16 lease liabilities by € 7.7 million to € 4.7 million as of 31 December 2021. By contrast, current liabilities rose to € 39.5 million as of 31 December 2021, as against € 35.0 million at the balance sheet date at the end of 2020. The main reasons for this were the rise in trade payables and other liabilities by € 1.9 million to € 24.3 million as of 31 December 2021 and a rise in current lease liabilities by € 3.5 million to € 9.0 million. At the same time, other provisions fell by € 2.0 million to € 4.2 million.

74%

Equity ratio rose by a further 2 percentage points in 2021

Outlook, Opportunity and Risk Report

Overall Summary of Outlook

Accelerated revenue growth

Our company will maintain and accelerate its growth in the current financial year. Having generated revenues of € 155.2 million in 2021, for 2022 we have budgeted revenues of between € 180 million and € 200 million. This growth is based on the record new orders of € 184.5 million received in 2021 and the takeover of business operations at scanplus in December 2021. The wide scope of this forecast is due to the uncertainty in mid-March 2021 as to future macroeconomic developments. It is still unclear whether and, if so, to what extent Russia's attack on Ukraine and the subsequent sharp upturn in energy prices will impact on macroeconomic developments in Germany and companies' investment decisions. Furthermore, it is not yet possible to foresee whether the coronavirus pandemic will make it necessary to impose restrictions on contacts once again. Our business model, which is characterised by a high share of recurring revenues and long-term customer relationships, already proved its resilience to crises in the first two years of the exceptional situation resulting from the pandemic.

In 2022, we will supplement the robust cloud and SAP business by extending our range of software-as-a-service solutions and stepping up the pace at which these are developed and marketed. The market launch of the "StoreButler" for retailers is set to be followed by platforms for manufacturers, logistics, and the energy sector, not least by making targeted acquisitions. Accounting for the costs of developing these SaaS solutions and launching them onto the market, we expect to generate EBITDA of between € 8 million and € 16 million and free cash flow up to a maximum of € -10 million in 2022. These investments in the company's future will be made possible by the profitable cloud and SAP business and further margin growth. Moreover, our company is still solidly financed, with virtually no debts and net liquidity of € 56.2 million as of 31 December 2021.

Future Macroeconomic and Industry Framework

The Federal Government is convinced that in 2022 Germany's economy will maintain its recovery from the downturn triggered by the coronavirus pandemic. In its Annual Economic Report published at the end of January 2022, it forecast growth of 3.6% in the country's gross domestic product[6]. The extent to which this outlook will be influenced by the war in Ukraine still cannot be foreseen. Irrespective of this, the IT sector is very likely to be among the growth drivers once again. At the beginning of 2022, the sector association Bitkom[7] forecast that IT revenues in Germany would grow by 5.9% to € 108.6 billion.

[6] Original German press release by the Federal Ministry for Economic Affairs and Climate Action dated 26 January 2022, www.bmwi.de/Redaktion/DE/Pressemitteilungen.
[7] Original German press release by Bitkom dated 11 January 2022, www.bitkom.org/Presse/Presseinformation.

In 2022 our company will maintain and accelerate its growth while also expanding its SaaS business.

Revenue forecast in € million

EBITDA

of between € 8 million and € 16 million expected for the current financial year

Margins

Double-digit margins have been budgeted for the Cloud and SAP businesses in 2022 as well.

More dynamic growth rates are expected in the Cloud and SAP markets, where we generate the predominant share of our revenues. As explained in the **chapter "Macroeconomic and Industry Framework" on Pages 37 to 38,** digitalisation is now being driven by the cloud, to which ever more companies are migrating part or all of their IT. Any ebbing of the coronavirus pandemic will also lead to increased demand from companies for support in converting to S/4HANA, the new SAP software generation.

Expected Financial Position, Financial Performance and Cash Flows

With EBITDA expected to range between € 8 million and € 16 million, we have budgeted for a significant improvement in our operating earnings performance in 2022. The EBITDA of € 31.7 million reported for 2021 was influenced by a one-off profit of € 29.5 million due to the deconsolidation of the colocation business. The basis for increasing our profitability is provided above all by revenue growth in our scalable cloud business. This forecast includes the costs of extending and establishing SaaS solutions.

Our company, which has virtually no debts, will continue to finance the growth budgeted for 2022 with its own resources. At the end of 2021, the consolidated balance sheet showed net liquidity of € 56.2 million. Negative free cash flow of up to € -10 million is expected for the year as a whole. This is due to measures to be taken to accelerate the expansion in SaaS solutions, above all in the energy focus sector. We expect to generate positive free cash flow in 2023.

Expected Earnings Performance by Segment

Growth in the current year will continue to be driven mainly by the "Cloud & IoT" segment which, alongside the cloud business, also includes SaaS solutions. This segment will particularly benefit from the fact that ever more SMEs are pressing ahead with transforming their IT and moving this to the cloud. Further momentum will come from growing demand for our software solutions and the consolidation of business operations at scanplus which we took over at the end of December 2021. Following the expiry of those restrictions on contact that are still in force, the "SAP" segment will also regain its growth trajectory. The expansion in the SaaS business will influence the earnings strength in the "Cloud & IoT" segment in the current year. Like in the "SAP" segment, we nevertheless expect to generate double-digit segment margins in the current year as well.

Opportunity Management

The dynamic growth in our markets presents us with ever new opportunities. Responsibility for identifying and acting on such opportunities lies with the operations managers. They are familiar with their specific market environments and their inherent potential. They also draw on expertise available in the sales and marketing department, as well as on various market and competition analyses.

Specific opportunities are factored into the rolling planning, with a review being performed at an early stage to ascertain the risks involved in pursuing and implementing these opportunities. Here, the benefits of dovetailing risk and opportunity management are especially clear. In what follows, we report on the future developments and events that could lead to a positive variance from the full-year outlook for 2022. By analogy with risks, the company classifies these as “major” opportunities with a comparatively high probability of occurrence and a substantially positive contribution to its financial position, financial performance and cash flows.

Individual Opportunities

Our “major” opportunities are presented below in descending order of their significance to our company:

- **Additional customers for Cloud Services.** Enormous technological advances and the requirements of digital business models mean that the IT in place at growing numbers of SMEs is increasingly reaching its limits. Once the pandemic has ebbed, these companies will make greater efforts to implement the necessary modernisation in their IT and make increasing use of the cloud. As digitalisation is increasingly becoming the centrepiece of business models at SMEs as well, demand for Cloud Services could significantly exceed our planning assumptions.

- **High revenue growth with SaaS solutions.** We are systematically expanding our software expertise along the digital value chain. This is increasingly giving rise to standalone products and platforms. We have budgeted moderate revenue growth for these innovations. As these

As SaaS solutions in particular are able to tackle crucial challenges in our focus sectors, demand may exceed our expectations in 2022.

solutions in particular tackle decisive challenges in our focus sectors, demand may exceed our expectations in the current year.

- **Rapid implementation of new SAP solutions.** The technological advance to S/4HANA that is currently underway will drive business in the "SAP" segment in 2022. As this new product family is a key to digitalising business models, demand for corresponding advisory and implementation services may possibly exceed expectations.

- **Expansion in highly scalable cloud portal.** By taking over the business operations at scanplus, we also acquired a highly scalable cloud portal. Within our product portfolio, we will expand and step up the marketing of this portal which, based on a modular approach, enables small and medium-sized companies to assemble suitable IT solutions. Our budget for 2022 only accounts for the current solutions. With the extended range of solutions, particularly in the field of SAP, actual market demand might exceed these expectations.

Risk Management

Like any other company, q.beyond is permanently exposed to numerous potential risks. Consciously addressing and assessing these risks enables us to boost our competitiveness and is a key foundation for our sustainable business success. Professional risk management ensures that all events, actions or neglected actions that could potentially pose a threat to the success of our company, or even to its continued existence, are already identified, analysed, assessed, managed and monitored at the earliest possible stage of their development. Risk management comprises coordinated procedures, measures and the necessary rules for dealing with risks. An appropriate approach to handling risks is therefore an important factor in decision-making processes at q.beyond AG and all subsidiaries.

Organisation and Procedures

We have implemented a company-wide uniform integrated risk management system (RMS) to ensure the effectiveness of our risk management and facilitate the aggregation of risks and transparent reporting. The use of a risk management software that has proven its worth enables us to classify risks precisely and, as a result, to focus on material risks.

Risk management as integral component of decision-making processes

The RMS is an integral component of decision-making processes. It ensures that risk assessments are considered in all decisions and that measures to reduce, transfer or avoid risks are taken at an early stage. Quarterly reports raise awareness of risk issues among all managers with relevant responsibility. Guidelines, procedures and work instructions are in place to flank the RMS and ensure its implementation in day-to-day operations. The risk analyses, such as those required for management systems under ISO 27001 (Information Security) or ISO 9001 (Quality Management), ensure uniform, efficient reporting.

The RMS covers all company departments. Managers from all business units continually monitor and assess the risks arising. Within the RMS framework, they act as risk coordinators and are responsible for making sure that the risks identified are always up to date. These managers report to Corporate Risk Management at least once a quarter. Ad-hoc reports are submitted when there is a need to provide information about previously undetected risks with significant implications or when material changes are required in the assessment of risks already detected. This process ensures that potential risks in the operating business can be detected at an early stage.

Corporate Risk Management responsible for reporting

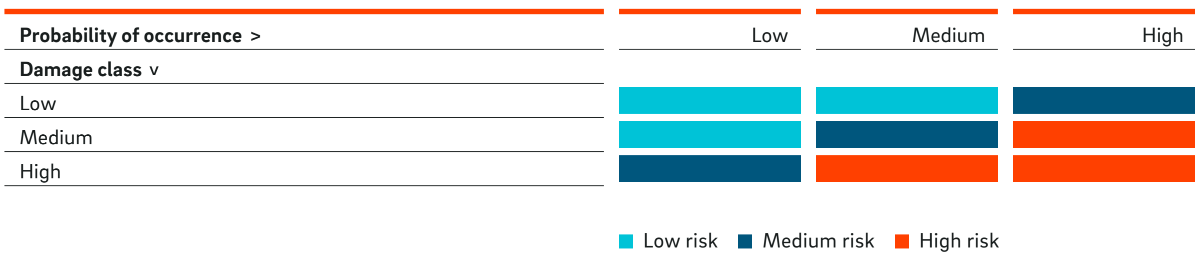
Corporate Risk Management is responsible for risk reporting to the Management Board. It sees to the consolidation and documentation of the risks assessed by the risk coordinators. Based on the risk reports for departments, it compiles a compact report (using the "R2C_GRC" risk management software) on a quarterly basis and forwards this to the Management Board. The Management Board is informed immediately of any newly detected high risks. The Management Board informs the Supervisory Board Audit Committee with an extensive risk report at least once a year. Corporate Risk Management also serves as an interface to other audit and/or certification processes and ensures that, there too, the risks relevant to the company are uniformly recorded.

Risk Management Guidelines issued by the Management Board govern the approach to handling risks and define risk management processes and organisational structures. These guidelines are reviewed and modified as necessary on a regular basis, and at least once a year. In the context of the audit of the financial statements, the external auditors each year review whether the early-warning risk identification system is suitable for the early detection of any risks to the company's continued existence. Further information about the RMS in respect of financial instruments recognised under IFRS 7 can be found in **Note 40 of the Notes to the Consolidated Financial Statements.**

Assessment Methodology

The risk management software supports the overall risk management process throughout the company. It is used to classify a risk in terms of its estimated probability of occurrence and potential implications in a gross view. This means that the probability of occurrence and scope of damages are initially assessed without accounting for any measures taken to minimise, transfer or avoid risks. This is followed by a net view of each risk, i.e. the assessment accounts for all measures already taken or at least initiated to manage the respective risk. Based on the results of this net view, the risks identified are subsequently allocated to one of a total of three risk classes.

Classification of risks



Assessment of probability of occurrence
Low: Improbable (less than 30%)
Medium: Probable
High: Highly probable (more than 70%)

Assessment of extent of damage (adverse impact on liquidity / cash flow)
Low: Below € 50,000
Medium: Up to € 250,000
High: Above € 250,000

The classification of a risk as "low", "medium" or "high" is based on the combination of its probability of occurrence and scope of damages. The diagram above provides an overview of the methodology used to classify risks.

General risks are analysed to assess whether and how these could specifically harm our company. If this analysis concludes that relevant damages from such risks really are conceivable, then these risks are included as specific risks. General risks with no specific reference to the company are otherwise not recorded in the RMS. General risks entail developments such as global catastrophes, financial system collapse, war and terrorist attacks but do not include the impact of the coronavirus pandemic.

This risk analysis and classification is followed by measures aimed at dealing with and monitoring risks. These serve to reduce existing risks, to hedge risks with insurance coverage, where this is economically expedient, and to raise awareness of existing residual risks and/or risk acceptance.

Focus on high risks

The external risk report only includes those risks that still have to be deemed material for our future business performance even after all risk reduction, transfer and avoidance measures have been factored in. Based on the classification outlined above, these risks are categorised as high risks. A risk that is allocated to the "high" damage class, for example, is only assessed as constituting a "high risk" in the overall assessment if there is also at least a "medium" probability of occurrence.

As a result of this risk analysis, in our external risk report we report risks that are either individually material or, to enhance presentation, aggregate material individual risks into suitable risk groups. On an internal basis, q.beyond allocates all individual risks to the relevant industry-specific or macroeconomic risk categories, to operating risks (cost structures, procurement, stability of operations, customers, sales, IT security, human resources), to finance and compliance risks and to other risks. The assessments and accompanying comments and requirements are only provided in quantitative terms in cases where quantitative assessment of the specific scope of damages is possible. As this is generally not the case, however, the relevant risks are usually classified in terms of classes of damage.

Supplementary Disclosures Pursuant to § 315 (4) HGB

Risk management in respect of financial reporting forms an integral component of the RMS. The risks involved in accounting and financial reporting are constantly monitored, with the results being factored into group-wide reporting. Within the audit of the annual financial statements, the external auditor also reviews the financial reporting process. Based on the auditor's findings, both the Supervisory Board Audit Committee and the full Supervisory Board deal with the internal control system in respect of the financial reporting process.

The RMS is characterised by the following key features:

- Our company has a clear management and corporate structure. Accounting activities for subsidiaries are performed either by q.beyond AG itself on the basis of agency agreements or handled in close liaison with the subsidiaries. Individual process responsibility is clearly allocated at all subsidiaries.

- Our company ensures strict compliance with legal requirements and International Financial Reporting Standards (IFRS) by means of a range of measures including employing qualified specialists, providing targeted and ongoing training and development for these specialists, strictly observing the dual control principle by separating execution, billing and approval functions in organisational terms and clearly segregating duties for document creation and posting in the controlling department.

- The accounting software at all group units is comprehensively protected against unauthorised access. The correct and prompt recording of all major transactions at all companies is ensured.

- Once prepared, the separate financial statements of group companies are transferred to a uniform consolidation system in which intercompany transactions are eliminated. This system then provides the basis for the consolidated financial statements and for major disclosures in the Notes to the Consolidated Financial Statements and the Group Management Report.

- The annual financial statements of material group companies are subject to an audit conducted in accordance with German commercial law (HGB), while the other group companies are at least subject to an audit review.

- Group-wide monthly reporting ensures the early detection of potential risks during the financial year.

With these measures, we create the necessary transparency for our financial reporting and – to the greatest extent possible – prevent any potential risks arising in this process.

Individual Risks

Risk monitoring focuses on the actual risk situation, i.e. due account is taken of existing measures to reduce, transfer or avoid risks. Based on this net perspective, the following relevant risks were assessed as "high" and are presented below in descending order of significance.

Shortage of specialists and restricted cooperation with external partners

Our company needs qualified specialists, on the one hand, to operate and further develop its own product portfolio and, on the other hand, to market the growing number of new services. Given the shortage of IT specialists prevalent in the German labour market, it is sometimes difficult to find adequate replacements for the relevant positions within a short timeframe. That is particularly true in southern Germany where, among other operations, our new subsidiaries datac and scanplus are also located. This risk may be exacerbated by employees resigning, particularly when this leaves the company without the resources needed to maintain the same level of performance capacity or when the employees resigning have special expertise that cannot be replaced immediately. In particular, the shortage of specialist staff may result in bottlenecks in operations, in the development of services and in the IoT business, as well as in commercial administration activities. As we work with a matrix structure to develop new services, staff shortages may also lead to delays in innovation processes if the working capacity of those involved is absorbed by their line functions.

Our company counters this risk by consistently training young specialists, cooperating with select universities and offering a range of targeted retention measures for those specialists and executives who are especially important to the company's operations. Furthermore, we are making efforts to ensure duplicate coverage for key functions and to build our own capacities for the further development of our portfolio. At subsidiaries, our recruiting activities are increasingly drawing on synergies and thus also securing adequate numbers of specialists.

We have covered any shortages arising in our own staff resources for years now by temporarily working with external specialists. q.beyond commissions external consultants, particularly for its SAP projects. Their expertise often makes a decisive contribution to the success of these projects. The requirements placed by law in the way this kind of cooperation is structured have now become very strict, particularly with regard to the tax and social security consequences. Inadequate access to external experts may lead to delays in projects currently underway due to limited deployment options or make it more difficult to acquire new projects requiring specialist expertise previously not available at the company.

We are countering this risk above all by working with an adapted sourcing process that precisely reviews adherence to legal requirements prior to the conclusion of any external consulting agreements. Existing contractual relationships have been adapted and are continually monitored to ensure correct handling of the work relationship and enable us to maintain our cooperation with external experts. We therefore consider this risk manageable.

Uncertain success in new business fields

Success in new business fields in the Cloud & IoT segment is a factor of great strategic significance to our company. We are continually developing new digital services and thus strengthening our position in forward-looking markets. These kinds of innovation provide us with a variety of opportunities, but may also prove to be risks in the event of delays arising in portfolio development and management and in quality assurance. Reasons for such delays include protracted agreement processes with development partners and pilot customers, as well as a lack of internal resources.

We limit this risk by cooperating with select partners, drawing on external experts and, where possible, recruiting additional specialists for the development of new products and business models. Furthermore, we cooperate with customers during the development stage already and thus ensure that our innovations are closely aligned to market needs.

Impact of coronavirus pandemic

The coronavirus pandemic dominated economic developments once again in 2021. Our company has benefited from the resultant acceleration in digitalisation among SME customers but nevertheless also faces challenges in the short term. Alongside the restrictions imposed on contacts, which have held back developments in the SAP consulting business in particular, these also include growing supply shortages for electronics components. q.beyond requires these for certain customer projects and in its development activities. When components are not promptly available, or only at short notice and higher prices, this adversely affects customer relationships, prolongs supply schedules and increases procurement costs. Moreover, high numbers of infections in some cases lead to staff shortages at customers. As a result, projects have to be reprioritised or postponed, a factor that may limit q.beyond's ability to reach its revenue targets.

Since the onset of the pandemic, q.beyond has already taken all conceivable measures to reduce the risk of infection for its own workforce and supported its customers in doing the same, for example with its working-from-home solutions. The company has therefore been able to maintain its SAP business at a stable level despite pandemic-related restrictions.

With regard to component shortages, we also acted quickly to introduce measures to reduce this risk. These include securing the necessary volumes at an early stage, agreeing binding acceptance obligations and implementing redesigns and changing construction schemes to replace rare components. The company now has a permanent stock of particularly critical components.

Delays in post-merger integration

q.beyond took over three further companies with business activities in the Cloud & IoT segment in the 2021 financial year. Takeovers of this nature are and will remain a major aspect of our company's growth strategy. However, they always harbour entrepreneurial risks, as each integration of a new subsidiary presents challenges in terms of adapting processes and structures. These include optimising back office functions, homogenising data sources and customer contracts, as well as reorganising relationships with common business partners such as Microsoft. There is the risk that the required adaptations cannot be implemented with sufficient speed, not least due to staff shortages. This may result in significant additional manual input, higher costs and process delays. q.beyond therefore accords high priority to ensuring the swift post-merger integration of new subsidiaries and makes every effort to standardise processes and structures as quickly as possible. Against this backdrop, the opportunities presented by takeovers, such as expanding the company's strong market position or acquiring additional expertise, customers and revenues, clearly outweigh the related risks.

Cybersecurity

q.beyond accords the utmost priority to ensuring information security and data protection. Our company is continually stepping up its efforts to protect its resources, systems and data both within the Group's own IT and at customer systems. Our modern IT security systems are permanently monitored, while the relevant structures are continuously enhanced in liaison with our IT service management.

Despite these efforts, any cyberattacks motivated by fraud or malicious criminal intent on the systems at q.beyond, one of its subsidiaries or customer systems supervised by q.beyond could have significant negative economic implications for our Group, our customer and service relationships and our reputation.

Overall Summary

The risks relating to the shortage of specialists, uncertain success in new business fields, delays in post-merger integration and cybersecurity have risen compared with the previous year. Taking due account of the potential scope of damages and probabilities of occurrences of these and other potential risks, however, no risks that could result in any permanent and significant impairment of the company's financial position, financial performance or cash flows in the current financial year are discernible at present. In organisational terms, all meaningful and reasonable measures have been taken to enable the company to detect potential risks at an early stage and take appropriate action.

Due to these or other risks, or to erroneous assumptions, future earnings may nevertheless deviate materially from the expectations of our company and its management. To the extent that they do not constitute historic facts, all disclosures in this Group Management Report are forward-looking statements. They are based on current expectations and forecasts of future events and are regularly reviewed within the company's risk management.

scanplus+

scanplus provides SMEs with high-performance managed IT services – all automated via a highly scalable cloud portal. q.beyond took over its operations in December 2021.

Cloud-based managed services

220 employees
now boost our team

> 700 customers
already trust scanplus

Sales partnership
with Telekom Deutschland

More at www.scanplus.de*

* Website only available in German.

Financial Report

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

€ 000s	Note	2021	2020
Revenues	6	**155,161**	**143,416**
Cost of revenues	7	(136,037)	(131,795)
Gross profit		**19,124**	**11,621**
Sales and marketing expenses	7	(12,800)	(12,694)
General and administrative expenses	7	(22,329)	(19,896)
Other operating income	9	36,309	2,850
Other operating expenses	9	(5,124)	(707)
Operating earnings (EBIT)		**15,180**	**(18,826)**
Financial income	10	35	52
Financial expenses	10	(309)	(464)
Income from associates	11	(268)	(39)
Earnings before taxes		**14,638**	**(19,277)**
Income taxes	38	(4,793)	(620)
Consolidated net income		**9,845**	**(19,897)**
Other comprehensive income			
Line items that are not reclassified in the income statement			
Actuarial gains / (losses) from defined benefit pension plans	26	1,062	(474)
Tax effect		(348)	155
Other comprehensive income after taxes		**714**	**(319)**
Total comprehensive income		**10,559**	**(20,216)**
Attribution of consolidated net income			
Owners of the parent company		9,712	(19,897)
Non-controlling interests		133	-
Attribution of consolidated net income		**9,845**	**(19,897)**
Attribution of total comprehensive income			
Owners of the parent company		10,426	(20,216)
Non-controlling interests		133	-
Attribution of total comprehensive income		**10,559**	**(20,216)**
Earnings per share (basic) in €	12	0.08	(0.16)
Earnings per share (diluted) in €	12	0.08	(0.16)

Consolidated Statement of Cash Flows

€ 000s	Note	2021	2020
Cash flow from operating activities	32		
Earnings before taxes		14,638	(19,277)
Depreciation and amortisation of non-current assets	8, 14, 17	11,604	11,906
Depreciation of right-of-use assets (IFRS 16)	16	4,583	4,951
Other non-cash income and expenses		(291)	610
Profit from sale of subsidiaries	2	(34,430)	-
Loss on disposals of assets		59	14
Income tax paid		(3,553)	(406)
Income tax received		-	104
Interest received		13	9
Interest paid in connection with leases (IFRS 16)	16	(257)	(401)
Net financial expenses	10	274	412
Income from associates	11	268	39
Changes in provisions	28, 29	(4,276)	(787)
Changes in trade receivables	18	2,433	(6,252)
Changes in trade payables		524	91
Changes in other assets and liabilities		749	4,021
Cash flow from operating activities	32	**(7,662)**	**(4,966)**
Cash flow from investing activities	33		
Payments for purchase of intangible assets		(895)	(173)
Payments for purchase of property, plant and equipment		(6,380)	(5,409)
Payments for purchase of a subsidiary, less liquid funds thereby acquired	2	(15,483)	(1,515)
Payments for purchase of financial assets recognised at equity		(6,391)	-
Proceeds from sale of property, plant and equipment		228	10
Proceeds from sale of subsidiaries, less liquid funds thereby disposed of	2	53,619	-
Cash flow from investing activities	33	**24,698**	**(7,087)**
Cash flow from financing activities	33		
Dividends paid	23	-	(3,725)
Repayment of convertible bonds		(7)	(4)
Proceeds from issue of shares	23, 24	154	338
Interest paid		-	(11)
Repayments of lease liabilities	16	(5,408)	(5,651)
Cash flow from financing activities	33	**(5,261)**	**(9,053)**
Change in cash and cash equivalents		**11,775**	**(21,106)**
Cash and cash equivalents as of 1 January		44,925	66,031
Cash and cash equivalents as of 31 December	22	**56,700**	**44,925**

Consolidated Balance Sheet

€ 000s	Note	31 Dec. 2021	31 Dec. 2020
ASSETS			
Non-current assets			
Property, plant and equipment	14	21,628	28,252
Land and buildings	14	17,381	20,749
Goodwill	15	29,956	20,993
Right-of-use assets	16	12,809	15,826
Other intangible assets	17	7,343	12,382
Financial assets recognised at equity	11	6,286	163
Prepayments	19	1,138	1,664
Other non-current assets	21	537	2,061
Deferred tax assets	38	77	-
Non-current assets		**97,155**	**102,090**
Current assets			
Trade receivables	18	35,424	37,064
Prepayments	19	5,799	3,214
Inventories	20	249	57
Other current assets	21	4,973	3,514
Cash and cash equivalents	22	56,700	44,925
Current assets		**103,145**	**88,774**
TOTAL ASSETS		**200,300**	**190,864**

€ 000s	Note	31 Dec. 2021	31 Dec. 2020
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	23	124,579	124,472
Capital surplus	24	144,147	144,160
Other capital reserve	26	(1,752)	(2.466)
Accumulated deficit		(119,899)	(129,611)
Equity attributable to owners of parent company		**147,075**	**136,555**
Non-controlling interests	2	294	-
Shareholders' equity		**147,369**	**136,555**
Liabilities			
Non-current liabilities			
Trade payables	30	1,125	-
Lease liabilities	16	4,684	12,408
Other financial liabilities	27	2,376	21
Accrued pensions	28	4,830	6,327
Other provisions	29	440	565
Non-current liabilities		**13,455**	**19,321**
Current liabilities			
Trade payables and other liabilities	30	24,250	22,436
Lease liabilities	16	8,989	5,460
Other financial liabilities	27	-	2
Other provisions	29	4,221	6,192
Accrued taxes	29	1,621	332
Deferred income	31	395	566
Current liabilities		**39,476**	**34,988**
Liabilities		**52,931**	**54,309**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**200,300**	**190,864**

Consolidated Statement of Changes in Equity

€ 000s	Note	Equity attributable to equity holders of q.beyond AG			
		Issued capital	Capital surplus	Other capital reserve (Actuarial losses)	Accumulated deficit
Balance as of 1 January 2021		**124,472**	**144,160**	**(2,466)**	**129,611**
Consolidated net income		-	-	-	9,712
Other comprehensive income, net of taxes	26	-	-	714	-
Total comprehensive income		**-**	**-**	**714**	**9,712**
Exercising of convertible bonds	23, 24	107	47	-	-
Non-cash share-based compensation	36	-	(60)	-	-
Acquisition of a subsidiary					
with non-controlling interests		-	-	-	-
Balance as of 31 December 2021		**124,579**	**144,147**	**(1,752)**	**(119,899)**
Balance as of 1 January 2020		**124,172**	**144,132**	**(2,147)**	**(105,989)**
Consolidated net income		-	-	-	(19,897)
Other comprehensive income, net of taxes	26	-	-	(319)	-
Total comprehensive income		**-**	**-**	**(319)**	**(19,897)**
Exercising of convertible bonds		300	38	-	-
Dividends paid	23	-	-	-	(3,725)
Non-cash share-based compensation	36	-	(10)	-	-
Balance as of 31 December 2020		**124,472**	**144,160**	**(2,466)**	**(129,611)**

Total	Non-controlling interests	Total equity	
136,555	**-**	**136,555**	**Balance as of 1 January 2021**
9,712	133	9,845	Consolidated net income
714	-	714	Other comprehensive income, net of taxes
10,426	**133**	**10,559**	**Total comprehensive income**
154	-	154	Exercising of convertible bonds
(60)	-	(60)	Non-cash share-based compensation
			Acquisition of a subsidiary
-	161	161	with non-controlling interests
147,075	**294**	**147,369**	**Balance as of 31 December 2021**
160,168	**-**	**160,168**	**Balance as of 1 January 2020**
(19,897)	-	(19,897)	Consolidated net income
(319)	-	(319)	Other comprehensive income, net of taxes
(20,216)	**-**	**(20,216)**	**Total comprehensive income**
338	-	338	Exercising of convertible bonds
(3,725)	-	(3,725)	Dividends paid
(10)	-	(10)	Non-cash share-based compensation
136,555	**-**	**136,555**	**Balance as of 31 December 2020**

Notes to the Consolidated Financial Statements for the 2021 Financial Year

Company Information

q.beyond AG is the key to successful digitalisation. It helps its customers find the best digital solutions for their business and then puts them into practice. q.beyond accompanies SME customers securely and reliably throughout their digital journey and has extensive expertise in the fields of Cloud & IoT and SAP. With nationwide locations and its own certified data centres, the company is one of Germany's leading IT service providers. q.beyond AG is a stock corporation registered in the Federal Republic of Germany. Its legal domicile is Mathias-Brüggen-Strasse 55, 50829 Cologne, Germany. The company is registered in the Commercial Register of the Cologne District Court under number HRB 28281. q.beyond AG has been listed on the Deutsche Börse stock exchange since 19 April 2000 and in the Prime Standard since the beginning of 2003.

Accounting Policies

1 Basis of preparation

Pursuant to Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and the Council dated 19 July 2002, the company is required to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). Pursuant to § 315e (1) of the German Commercial Code (HGB), it is thus exempted from preparing consolidated financial statements in accordance with HGB.
q.beyond prepares its consolidated financial statements in accordance with the IFRSs issued by the International Accounting Standards Board (IASB) that require application in the EU as of 31 December 2021, as well as with the supplementary requirements of § 315e (1) HGB. The company took due account of all IFRSs requiring mandatory application in the EU in the 2021 financial year, as well as of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).
In its consolidated financial statements, q.beyond generally makes application of the cost method. Material exceptions relate to liabilities for equity-settled share-based payments and the net liability for defined benefit pension plans.

The financial year of q.beyond AG and its subsidiaries included in consolidation (hereinafter also referred to as “q.beyond”) corresponds to the calendar year. The consolidated financial statements are presented in euros, the company’s functional currency. All amounts, unless otherwise stated, are rounded up or down to the nearest thousand euro amount (€ 000s). The rounding up or down of figures may result in minor discrepancies on a scale of € 1k or 0.1% between numbers and percentages in this Annual Report.
No events or transactions which would have a material effect on the Group’s financial position, financial performance or cash flows occurred between the end of the reporting period and 22 March 2022 (the date on which the consolidated financial statements were approved by the Management Board for submission to the Supervisory Board).
The consolidated income statement has been prepared using the cost-of-sales method. In the interests of clarity and informational value, individual line items have been aggregated in the income statement and balance sheet. These line items are reported and commented on separately in the notes.

2 Scope of consolidation and amendments under company law

The consolidated financial statements comprise the financial statements of q.beyond AG and its subsidiaries as of 31 December of each financial year. The financial statements of subsidiaries included in consolidation have been prepared on the basis of uniform accounting policies pursuant to IFRS 10 (Consolidated Financial Statements). All subsidiaries have the same balance sheet date as the parent company q.beyond AG.
All intragroup transactions and balances are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition, i.e. the date on which q.beyond obtains control. Inclusion by way of full consolidation ends upon the parent company no longer exercising control. Information on the companies included in the consolidated financial statements is provided in Note 34.
Non-controlling interests are measured upon acquisition at their respective share of identifiable net assets at the company thereby acquired.

Disposal of IP Colocation GmbH

By share sale contract dated 28 July 2021, all of the shares held in IP Colocation GmbH were sold to Datev eG in return for a cash sale price of € 10,890k. The company was deconsolidated as of the date on which q.beyond lost control.

The profit from the sale is determined as follows:

€ 000s	
Sale price	**10,890**
Property, plant and equipment	(1,197)
Land and buildings	(1,954)
Goodwill	(800)
Right-of-use assets	(519)
Other intangible assets	(2,426)
Prepayments	(1)
Inventories	(8)
Cash and cash equivalents	(1,303)
Deferred tax assets	(5)
Lease liabilities	535
Trade payables and other liabilities	224
Tax provisions	94
Deferred tax liabilities	792
Profit on sale before transaction costs	**4,322**

The disposal of IP Colocation GmbH has been accounted for as follows in the statement of cash flows:

€ 000s	
Sale price payable in cash	10,890
Less liquid funds thereby disposed of	(1,303)
Inflow of funds	**9,587**

Disposal of IP Exchange GmbH

By notarial deed dated 17 September 2021, q.beyond AG sold 100% of the shares in IP Exchange GmbH to NorthC Group Deutschland GmbH in return for a cash price of € 51,044k. The sale was subject to approval by the antitrust authorities, which was granted on 8 October 2021. The material transfer of the shares was executed on 3 November 2021.

q.beyond's control of IP Exchange GmbH ended with the purchase agreement dated 17 September 2021; in the period until approval was granted by the antitrust authorities, q.beyond was only formally responsible for managing IP Exchange GmbH and was de facto obliged to act as a disinterested fiduciary in managing the business in the interests of the acquiring party. Due to materiality considerations, the deconsolidation was executed as of 30 September 2021.

The profit from the sale is determined as follows:

€ 000s	
Sale price	**51,044**
Property, plant and equipment	(8,696)
Land	(676)
Goodwill	(2,800)
Right-of-use assets	(9,000)
Other intangible assets	(3,727)
Prepayments	(642)
Other assets	(334)
Trade receivables	(954)
Inventories	(29)
Cash and cash equivalents	(7,012)
Lease liabilities	9,336
Trade payables and other liabilities	1,613
Tax provisions	404
Deferred income	368
Deferred tax liabilities	1,213
Profit on sale before transaction costs	**30,108**

The disposal of IP Exchange GmbH has been accounted for as follows in the statement of cash flows:

€ 000s	
Sale price payable in cash	51,044
Less liquid funds thereby disposed of	(7,012)
Inflow of funds	**44,032**

Full acquisition of datac Kommunikationssysteme GmbH

q.beyond acquired all of the shares in datac Kommunikationssysteme GmbH, Augsburg, as of the acquisition date on 10 June 2021. Due to materiality considerations, the date from which the company's assets and liabilities are attributable to q.beyond is 1 June 2021.
The company's object is the performance and sale of services, as well as of hardware and software, in the field of information and telecommunications technology.
Since the acquisition, datac Kommunikationssysteme GmbH contributed revenues of € 4,010k and income of € 245k to consolidated net income. If the acquisition had been executed as of 1 January 2021, then consolidated revenues would have amounted to € 157,581k and consolidated net profit would have amounted to € 9,816k.

Consideration transferred. The fair values as of the acquisition date of each main group of consideration are presented in summarised form below:

€ 000s	
Cash and cash equivalents	7,240
Conditional consideration	1,127
Total consideration transferred	**8,367**

The preliminary purchase price for the acquisition of the 77,000 shares with a nominal value of € 1 each amounted to € 8,367k and comprised a cash purchase price of € 7,240k, which has already been settled, and a probability-weighted earn-out obligation of € 1,127k.

Costs associated with the business combination. At q.beyond, the costs incurred in connection with the business combination comprise costs of € 133k for legal advice, intermediary commissions and notary fees. These costs are recognised in general and administrative expenses.

Identifiable assets acquired and liabilities assumed. The amounts recognised for the assets acquired and liabilities assumed as of the acquisition date are presented in summarised form below:

€ 000s	
Property, plant and equipment	229
Right-of-use assets	766
Other intangible assets	1,491
Trade receivables	567
Prepayments	21
Inventories	32
Other assets	203
Cash and cash equivalents	1,029
Deferred tax assets	102
Lease liabilities	(766)
Other financial liabilities	(39)
Pension provisions	(227)
Trade payables and other liabilities	(739)
Tax provisions	(105)
Deferred income	(161)
Deferred tax liabilities	(519)
Total identifiable net assets	**1,884**

Goodwill. The goodwill arising upon the acquisition has been recognised as follows:

€ 000s	
Consideration transferred	8,367
Fair value of identifiable net assets	1,884
Goodwill	**6,483**

The goodwill is chiefly attributable to the skills and specialist qualifications of the workforce and the synergies expected to arise, particularly in terms of sales activities, due to the access gained by q.beyond AG to a significantly larger number of SME customers and the extension in its portfolio in the forward-looking modern workplace market. None of the goodwill recognised is deductible for tax purposes.

Acquisition of 51% of the shares in Röhlig blue-net GmbH (now operating under the name of q.beyond logineer GmbH)

In the context of a capital increase, q.beyond AG acquired 19,962 shares with a nominal value of € 1 each in Röhlig blue-net GmbH. The acquisition was dated 26 August 2021 and took effect as of midnight on 31 August 2021. The purchase price amounted to € 20k. Moreover, an additional amount of € 3,780k was paid into the company's free capital reserve. Based on the spinoff and takeover contract dated 8 November 2021, the "cargonerds business" sub-operation was transferred in its entirety to the newly founded company cargonerds GmbH, which has its legal domicile in Bremen. This sub-operation also comprised the amount of € 3,780k paid into the capital reserve by q.beyond AG. As consideration for the transfer of the company assets thereby spun off, q.beyond AG was granted 6,275 shares in cargonerds GmbH with a nominal value of € 6,275.
Furthermore, Röhlig Logistics GmbH & Co. KG allocated 5,519 shares with a nominal value of € 1 each directly to q.beyond AG by way of a spinoff which did not retain the original share ratios pursuant to § 126 (1) No. 10 of the German Transformation Act (UmwG). Upon the spin-off taking effect, these shares were directly assigned to q.beyond AG without individual transfer pursuant to § 131 (1) No. 3 UmwG. As result, following the spinoff q.beyond AG held a 51% shareholding in Röhlig blue-net GmbH and a 25.1% shareholding in cargonerds GmbH. The acquisition date is 1 September 2021 as, pursuant to the articles of association dated 26 August 2021, q.beyond AG held 51% of the voting rights from this date onwards.
Röhlig blue-net GmbH was renamed as q.beyond logineer GmbH on 29 November 2021. The purchase price for the shares in q.beyond logineer GmbH increases if specified levels of revenues with third-party customers are exceeded in the 2024, 2025 and 2026 financial years. The resultant payment amounts to a maximum of € 500k for each of the three years. Moreover, q.beyond AG accepted the obligation to assume the potential tax burden resulting from the spinoff in proportion to its shareholding.
The object of q.beyond logineer GmbH is the performance of IT services relating in particular, but not limited, to designing, implementing, further developing, operating, providing consulting on and supporting IT infrastructure solutions, IT workplace equipment for employees, IT applications, associated support and service functions (help desk) and corresponding processes and system integration projects.
Between 1 September and 31 December 2021, q.beyond logineer contributed revenues of € 4,592k and income of € 271k to consolidated net income. If the acquisition had been executed as of 1 January 2021, then consolidated revenues would have amounted to € 163,515k and consolidated net profit (including the "cargonerds business" sub-operation) would have amounted to € 9,315k.

Consideration transferred. The fair values as of the acquisition date of each main group of consideration are presented in summarised form below:

€ 000s	
Cash and cash equivalents	20
Contingent consideration	734
Total consideration transferred	**754**

Costs associated with the business combination. At q.beyond, the costs incurred in connection with the business combination comprise costs of € 78k for due diligence expenses and legal advice. These costs are recognised in general and administrative expenses.

Identifiable assets acquired and liabilities assumed. The amounts recognised for the assets acquired and liabilities assumed as of the acquisition date are presented in summarised form below:

€ 000s	
Property, plant and equipment	204
Right-of-use assets	1,826
Other intangible assets	102
Trade receivables	545
Prepayments	596
Cash and cash equivalents	656
Lease liabilities	(1,826)
Trade payables and other liabilities	(1,742)
Deferred tax liabilities	(32)
Total identifiable net assets	**329**
Interest held by q.beyond (51%)	168
Non-controlling interests (49%)	161

Goodwill. The goodwill arising upon the acquisition has been recognised as follows:

€ 000s	
Consideration transferred	754
Fair value of identifiable net assets (q.beyond's interest)	168
Goodwill	**586**

The goodwill is chiefly attributable to the extension in the potential customer base by accessing the logistics market and the access to a sector-specific product portfolio. None of the goodwill recognised is deductible for tax purposes.

Acquisition of business at "ScanPlus GmbH in Insolvenz"

On 7 December 2021, q.beyond AG acquired Youco K21-H410 Vorrats-GmbH, a shelf company furnished with share capital of € 25k, for a price of € 28k. Pursuant to the newly formulated articles of association dated 7 December 2021, the company was renamed as q.beyond Erwerbergesellschaft GmbH and its object was amended. The object of the company involves activities in the field of telecommunications, particularly IP-based services, trading with hard and software, IT projects in the fields of planning, development, implementation, maintenance and operations, as well as consulting services in all business areas.
By purchase agreement dated 8 December 2021, q.beyond Erwerbergesellschaft GmbH acquired property, plant and equipment of € 4,341k and intangible assets of € 5,494k from "ScanPlus GmbH in Insolvenz", an Ulm-based company in administration. As the allocation of intangible assets to individual balance sheet line items cannot be derived from the purchase agreement, the intangible assets have provisionally been allocated to goodwill (see Note 15). The relevant allocation could not be completed by the time at which the balance sheet was prepared. As well as the takeover of employment relationships, the agreement also provided for the takeover of maintenance, supplier, supply and licence agreements, as a result of which the takeover constitutes a business as defined in IFRS 3. The purchase price was paid on 23 December 2021, with an amount of € 200k being withheld to cover the costs of expiring wage bills. Used property, plant and equipment and intangible assets in an amount of € 1,100k were acquired on the same day. The company was renamed as scanplus GmbH on 21 January 2022.

The amounts recognised for the assets acquired and liabilities assumed as of the acquisition date are presented in summarised form below:

€ 000s	
Property, plant and equipment	4,753
Right-of-use assets	7,398
Goodwill (before allocation)	5,494
Other intangible assets	687
Lease liabilities	(7,398)
Total identifiable net assets	**10,935**

Between the takeover of the business on 23 December and 31 December 2021, the company contributed revenues of € 550k and a loss of € 792k to consolidated net income. If the acquisition had been executed as of 1 January 2021 then, based on Management Board estimates, consolidated revenues would have amounted to € 181,297k and consolidated net profit would have amounted to € 879k.

Costs associated with the business combination. In connection with the acquisition of the business, q.beyond incurred costs of € 506k for due diligence expenses, legal advice and notary fees. These costs are recognised in general and administrative expenses.

Amendments under company law in the previous year. On 21 July 2020, q.beyond acquired all of the shares in Incloud Engineering GmbH, Darmstadt. In the 2021 financial year, consideration of € 270k was paid to the former shareholder in the company.

3 Significant judgements and estimates

The application of accounting policies requires the use of judgements as well as of forward-looking assumptions and estimates. Actual outcomes may differ from those assumptions and estimates. Significant adjustments to the carrying amounts of assets and liabilities may therefore be required within the coming financial year. The use of judgements, assumptions and estimates was required in particular for the accounting treatment of the following items:

(a) Judgements made when applying accounting policies which could have the most material impact on the amounts recognised in the consolidated financial statements relate to the following items:

Note 6 – Revenues: Determining the percentage of completion for performance obligations satisfied over time

Note 6 – Revenues: Determining allocation of the transaction price to the performance obligations

Note 16 – Term of lease contract: Determining whether the exercising of extension options is reasonably certain

(b) Assumptions and estimates mainly relate to the following items:

Notes 15 and 17 – Impairment test on **intangible assets** and **goodwill:** Significant assumptions underlying calculation of the recoverable amount

Note 16 – Determining discount rates to calculate the present value of **lease liabilities**

Note 18 – Trade receivables: Measuring impairments based on expected credit losses: significant assumptions used to determine weighted average default rate

Note 38 – Recognition of **deferred tax assets:** Availability of future taxable earnings against which deductible temporary differences and tax loss carryovers can be offset

Note 27 – Other financial liabilities: Significant assumptions concerning level of future payments for earn-out obligations

Note 28 – Measurement of **pension provisions:** Significant actuarial assumptions

Note 29 – Recognition and measurement of **provisions:** Significant assumptions concerning probability and scale of outflow of benefits

4 Summary of significant accounting policies

Revenue and expense recognition. q.beyond recognises revenues upon satisfaction of the respective performance obligation by transfer of the promised good or promised service to the customer. The asset counts as transferred when the customer gains control over it. Furthermore, the following criteria have to be met for revenues to be recognised.

- For services performed by q.beyond, the benefits of those services generally flow to customers who simultaneously receive and consume the benefits of the services while they are being performed (IFRS 15.35a). On this basis, revenues are recognised over time.
- For services performed in regular IT service operations, q.beyond draws on the practical expedient provided for in IFRS 15.B16, under which revenues are recognised in the amount for which q.beyond is entitled to invoice the customer, as q.beyond is entitled to consideration in the amount directly corresponding to the value of services already performed.
- For the performance of transition services (mainly in connection with the outsourcing of IT infrastructures) which precede the performance of regular IT service operations, revenues are recognised based on the percentage of completion. This is determined using "milestones reached" as a specific variant of the output-based method.
- For services performed in regular IT service operations, standalone prices are, as a general rule, contractually allocated to the individual performance obligations. No further allocation is therefore required.
- For transition services, standalone milestones are measured at expected cost plus a margin (IFRS 15.79b), with the transaction price being allocated to individual milestones on this basis.
- Disbursements and reimbursements of short-time allowances in the 2020 financial year represented transitory items. As a result, neither income nor expenses required recognition for these items in the income statement. By contrast, reimbursements by the Federal Labour Office in the 2020 financial year of the social security expenses borne by the employer represented performance-based grants pursuant to IAS 20 and were recognised at q.beyond as a reduction in personnel expenses. Other government grants are recognised as other operating income over the periods in which q.beyond expenses those costs the grants are intended to compensate.
- q.beyond recognises interest income when it arises using the effective interest method (i.e. the rate that discounts estimated future cash flows over the expected life of the financial instrument to its net carrying amount). Interest unwound on finance lease receivables from multiple element arrangements is also presented as interest income.
- Multiple element arrangements consist of a service portion and a hardware lease, where the fair values of the two components are separable and can be reliably determined.
  Application of IFRS 16 requirements to hardware leases means that q.beyond functions as lessor in certain multiple element arrangements. The lease agreements relate to identifiable assets usable exclusively by the customer. Revenues for services performed under the service contract are distributed in line with performance over the contractual period. For the portion of the multiple element arrangement classified as a finance lease, the revenues are recognised upon inception of the arrangement and the interest portion is recognised over the term of such. In these cases, amounts owed by customers (lessees) under a finance lease are recognised as discounted receivables. When measuring hardware leases as operating leases, the revenues are recognised on a monthly basis in accordance with the contractual terms. The total contractual performance is apportioned to the respective components using the residual value method, as this most closely reflects the economic substance of the contracts.
- Operating expenses are recognised when the performance has been utilised or at the time they are incurred.

Specifically, q.beyond structures its revenue recognition as follows:

The **Cloud & IoT segment** pools all IT services that assist companies in gradually transitioning to the digital age and also includes a broad portfolio of IoT services. All major IT functions can be procured as turnkey cloud modules or as individual outsourcing services. These range from virtual IT workplaces and business applications to flexible IT resources through to comprehensive communications and network services. The IoT business also covers the whole spectrum of services, including software competence, hardware from sensors through to gateways, and secure data transmission and storage.
Revenues from rental and service agreements are recognised in line with the services performed, i.e. basically on a time-apportioned basis over the contract term. Furthermore, this segment generates revenues from sales of hardware and software. Revenues from the sale of hardware and from rental and lease transactions viewed as sales in terms of their economic substance are recognised upon shipment of the hardware to the customer and provided that the company does not have any unsatisfied obligations impacting on final acceptance by the customer. All costs resulting from these obligations are recognised at the same time as the corresponding revenues.

The **SAP segment** involves the provision of consulting services to companies to assist them in digitalising and optimising their business processes based on SAP technologies and the operation of corresponding applications.
Revenues from the respective service contracts are recognised in line with the services performed, i.e. basically on a time-apportioned basis over the contract term. Revenues from contracts for services charged in line with time inputs are recognised upon performance of the working hours and at the contractually agreed hourly rates.

Foreign currency translation. q.beyond presents its consolidated financial statements in euros. Transactions in currencies other than the euro are initially recognised using the spot exchange rate on the transaction date. Differences arising from changes in the exchange rate between the transaction date and the settlement or balance sheet date are recognised through profit or loss.

Property, plant and equipment. q.beyond recognises property, plant and equipment at cost less accumulated depreciation and impairment losses. Repair and maintenance expenses that do not constitute material replacement investments are directly expensed in the period in which they are incurred. The estimated useful lives of assets are taken as the basis for applying straight-line depreciation.
Any excess in the carrying amount of an asset over its respective recoverable amount is recognised through profit or loss as an impairment loss. Property, plant and equipment are subject to straight-line depreciation over the following expected useful lives:

	Useful life in years
Property, plant and equipment	
Buildings	10 – 50
Installations on third-party land	1 – 20
Network and technical equipment	1 – 25
Plant and operating equipment	2 – 15

Borrowing costs. Borrowing costs are recognised as an expense in the period in which they are incurred. There are no qualifying assets as defined in IAS 23.

Business combinations and goodwill. q.beyond accounts for business combinations using the acquisition method. This involves recognising all identifiable assets, liabilities and contingent liabilities of the acquired business at fair value. Goodwill arising in a business combination is initially measured at the amount by which the company's interest in the fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination.
q.beyond tests goodwill for impairment at least once a year and upon any change in circumstances or other indication that the carrying amount is potentially impaired.

Other intangible assets. Intangible assets are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination corresponds to their fair value as of the date of acquisition. Internally generated intangible assets are capitalised if the IAS 38 recognition criteria are met. The costs involved relate primarily to personnel and materials. Costs not eligible for capitalisation are recognised through profit or loss in the period in which they arise.
An assessment is made initially as to whether the useful lives of intangible assets are finite or indefinite. Intangible assets with finite lives are subject to straight-line amortisation over their useful economic lives and tested for impairment whenever there is any indication of such. The company does not hold any intangible assets with indefinite useful lives. For assets with finite useful lives, the amortisation period and method are reviewed at least at the end of each financial year.
Other intangible assets primarily include software, licences and similar rights. Moreover, brands and customer bases have been recognised as assets in conjunction with initial consolidations.
Any excess in the carrying amount of an asset over its respective recoverable amount is recognised through profit or loss as an impairment loss.
Acquired software is amortised over periods of 3 to 5 years. Internally generated intangible assets (development costs) are amortised after completion of the development phase over a period of 4 to 5 years.
Acquired brands are written down over periods of up to 10 years.
The useful lives for acquired customer bases amount to between 2 and 20 years.

Financial assets recognised using the equity method. The shares held by q.beyond in financial assets recognised using the equity method comprise investments in associates. Associates are companies over which q.beyond has significant influence, but not control or joint control, over the financial and operating policy decisions of the companies.
The equity method requires investments in an associate to be recognised in the balance sheet at cost. The goodwill relating to an associate is included in the carrying amount of the investment and is not subject to amortisation. In applying the equity method, q.beyond determines whether any additional impairment losses require recognition in connection with the net investment held by q.beyond in the associate. The income statement includes q.beyond's share in the performance of the associate. Changes recognised by the associate directly in equity are recognised by q.beyond directly in equity in line with its share and – where necessary – included in the statement of changes in equity.

Financial instruments

Financial assets and liabilities. Within the scope of IFRS 9, q.beyond has financial assets and liabilities that are primary debt instruments.

q.beyond measures financial assets and liabilities within the scope of IFRS 9 as follows:

	IFRS 9 category
Assets not measured at fair value	
Cash and cash equivalents	Amortised cost
Current trade receivables	Amortised cost
Liabilities not measured at fair value	
Trade payables and other liabilities	Amortised cost
Other financial liabilities	Amortised cost
Liabilities measured at fair value	
Liabilities in connection with earn-out obligations	The fair value is measured using a "Level 3" measurement model as no market data is available.

The classification category is based on the management requirements for financial debt instruments ("business model") and the cash flow criterion ("basic loan feature / SPPI").
The company determines this classification upon initial recognition and reviews the allocation at the end of each financial year. Where permitted and necessary, items are reclassified between categories.

Upon initial recognition, q.beyond measures financial assets at fair value. q.beyond recognises financial assets using performance-date accounting.
q.beyond measures cash and cash equivalents and trade receivables with fixed or determinable payments that are not listed on an active market at amortised cost using the effective interest method, less any impairments, and including transaction costs. Gains and losses are recognised in period earnings if the assets are derecognised or impaired, as well as in the context of amortisations.
Moreover, other assets are recognised at nominal value and reported in line with their respective terms in the "Non-current assets" and "Current assets" line items.

Impairments of financial assets. The expected credit loss model pursuant to IFRS 9 requires not only an appraisal of information about past events and current conditions but also due consideration of forecasts of future economic conditions.

Financial instruments and contract assets. The estimated volume of expected receivables defaults is calculated using the simplified lifetime model based on experience with actual receivables defaults. All receivables have homogenous risk characteristics and are therefore not divided by customer group.

q.beyond recognises impairments for expected credit losses on:

- financial assets measured at amortised cost
- contract assets
- other receivables, including lease receivables.

Application of the IFRS 9 impairment requirements has not resulted in any material impairment of cash and cash equivalents. These are exclusively deposited on a short-term basis at German banks with investment grade ratings issued by the rating agencies Standard & Poor's, Fitch and Moody's.
q.beyond measures impairments in the amount of lifetime expected credit losses. When determining whether the default risk of a financial asset has increased significantly since initial recognition and estimating expected credit losses, q.beyond draws on reasonable and supportable information that is relevant and available within a reasonable timeframe and at reasonable cost. This includes both quantitative and qualitative information and analysis based on historical data at q.beyond and on in-depth assessments which include forward-looking information.
q.beyond assumes that the default risk for a financial asset has increased significantly when it is more than 180 days past due.
q.beyond considers a financial asset as being in default when the debtor is unlikely to be able to meet its credit obligation to q.beyond in full without q.beyond reverting to measures such as drawing on collateral (if available).
Lifetime expected credit losses are the credit losses expected to result from all potential default events during the expected term of the financial instrument.
The maximum period over which expected credit losses are measured is the maximum contractual period over which q.beyond is exposed to credit risk. Expected credit losses represent the probability-weighted estimates of credit losses.

Credit-impaired financial assets. q.beyond determines as of each balance sheet date whether financial assets recognised at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

Indicators that a financial asset may be impaired included the following observable data:

- Significant financial difficulty of the debtor
- Breach of contract, such as default or more than 180 days past due
- Probability that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of impairments for expected credit losses in the balance sheet. Impairments of financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairments. An impairment loss is charged to the gross carrying amount of a financial asset when, based on reasonable assessment, q.beyond expects that all or a portion of the financial asset will not be recovered. q.beyond performs an individual assessment of the time at which an impairment loss should be recognised, and the amount of such, based on whether there is reasonable expectation of collection.
Reminders are issued for outstanding receivables as soon as they become overdue. For all receivables, if payment is more than 180 days past due this is viewed as an indication of an increase in default risk. This triggers an impairment test for the receivable, i.e. all receivables that are more than 180 days past due are individually analysed to assess any need for impairment.
Based on historic recoverability data for the past five years, receivables that are not more than 180 days past due have a very low default rate of 0.1%. q.beyond does not expect to collect any significant proportion of impaired amounts. Financial assets for which impairment losses have been recognised may nevertheless be subject to enforcement measures to collect overdue receivables.

Contract acquisition costs. Contract acquisition costs are accounted for in accordance with IFRS 15. This involves recognising the costs incurred to obtain and perform the contract and writing these down over the expected contract term. If the costs exceed the expected revenues, the resultant loss is recognised immediately as an expense.

Prepayments. Transitory items involving outlays prior to the balance sheet date and relating to a specified period after the balance sheet date are recognised as prepayments.

Inventories. q.beyond initially measures inventories at cost. As of the balance sheet date, items are stated at the lower of cost and net realisable value.

Cash and cash equivalents. Cash and cash equivalents reported in the balance sheet and statement of cash flows comprise cash on hand, cash at banks, and short-term deposits with original maturities of three months or less. Cash funds that are subject to restrictions on disposal are recognised under other assets.

Provisions. A provision is recognised when q.beyond has a legal or constructive obligation as a result of a past event, when it is likely that an outflow of resources embodying economic benefits will be required to settle such an obligation, and when the amount of obligation can be reliably estimated. Where q.beyond expects some or all of a recognised provision to be reimbursed, the reimbursement is recognised as a separate asset if the reimbursement is virtually certain. The expense for allocations to the provision is recognised in the income statement net of any reimbursement.

- **Severance payments.** Provisions are recognised for any existing legal or constructive obligations to grant severance payments to employees in connection with the termination of employment.

- **Dismantling obligations.** Provisions are recognised to cover the obligation to return the space let at a data centre and in office complexes to a contractually agreed state following expiry of the expected term of letting.

- **Restructuring measures.** A provision for restructuring measures is recognised as soon as q.beyond has approved a detailed and formal restructuring plan and the respective measures have either begun or been publicly announced.

Pensions. The obligations for defined benefit plans are determined separately for each plan using the projected unit credit method and on the basis of actuarial surveys. Actuarial gains and losses are recognised under other reserves within other comprehensive income. The assumptions used by the company to measure actuarial obligations are described in Note 28. Obligations for contributions to defined contribution plans are expensed as soon as the associated work has been performed.

Stock option plans. q.beyond's employees may receive share-based remuneration in the form of equity instruments in return for work performed. q.beyond measures the expense of issuing such equity instruments on the basis of the fair value of the equity instrument at the grant or provision date (based on the stock option plans resolved or modified after 7 November 2002) and uses an appropriate option price model. Further details can be found in Note 36. The expense recognised for granting equity instruments and the corresponding increase in equity are spread over the vesting period of the options.
q.beyond does not recognise any expense for remuneration claims which cannot be exercised. If the terms and conditions of an equity-based remuneration agreement are modified, q.beyond recognises as a minimum the level of expense that would have arisen in the absence of such modification.
If an equity-based remuneration agreement is cancelled, q.beyond accounts for the agreement as if it had been exercised on the cancellation date and recognises the previously unrecognised expense immediately.

Leases. Upon commencement of the respective contract, q.beyond assesses whether it is or contains a lease. This is the case when the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. q.beyond bases its assessment of whether a contract conveys the right to control an identified asset on the definition of a lease provided in IFRS 16. This method is applied to contracts concluded on or after 1 January 2019.

I q.beyond as lessee

Upon the commencement or amendment of a contract containing a lease component, q.beyond divides the contractually agreed consideration on the basis of the relative stand-alone prices. For leased data centre space and for closed non-lease components in the case of leased vehicles, q.beyond has nevertheless opted to forego separating the non-lease components and has rather recognised the lease and non-lease components as a single lease component.
At the commencement date, q.beyond recognises an asset for the right thereby conveyed to use the leased asset ("right-of-use asset") and a lease liability.
The right-of-use asset is initially measured at cost, corresponding to the initial measurement of the lease liability, adjusted to account for payments made at or before the commencement date, plus any initial direct costs and the estimated costs of dismantling or removing the underlying asset or of restoring the underlying asset or the place in which it is located, and less any lease incentives received.
In subsequent periods, the right-of-use asset is subject to straight-line depreciation from the commencement date though to the end of the lease period. Furthermore, the right-of-use asset is corrected where necessary to account for impairments and adjusted to account for specified remeasurements of the lease liability.
The lease liability is initially recognised at the present value of the lease payments that have not yet been paid at the commencement date, discounted using the interest rate implicit in the lease or, if that cannot be readily determined, using q.beyond's incremental borrowing rate. In general, q.beyond uses its incremental borrowing rate as the discount rate.
To calculate its incremental borrowing rate, q.beyond obtains interest rates from various external financing sources and makes specified adjustments intended to account for the lease conditions and asset type.

The lease payments included in the measurement of the lease liability comprise:

- fixed payments
- variable payments that depend on an index or a rate
- payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at its updated carrying amount using the effective interest method. It is remeasured if the future lease payments change due to a change in an index or if q.beyond changes its assessment concerning the exercising of any extension or termination option.
Any such remeasurement of the lease liability leads to a corresponding adjustment in the carrying amount of the right-of-use asset, or to recognition of such remeasurement through profit or loss if the carrying amount of the right-of-use asset is reduced to zero.

q.beyond has drawn on the following significant options and practical expedients:

- Right-of-use assets and lease liabilities are recognised as separate line items in the balance sheet.
- Lease contracts for low-value assets are not treated as leases, but will rather be presented as current expenses in future as well.
- Short-term leases (less than twelve months) are not recognised in the balance sheet.
- Leases of intangible assets are not within the scope of IFRS 16 but are rather governed by IAS 38.
- Consistent with the internal management of the company, intragroup leases will in future basically still be presented in segment reporting as operating leases pursuant to IFRS 8.

II q.beyond as lessor

Upon the commencement or amendment of a contract containing a lease component, q.beyond divides the contractually agreed consideration on the basis of the relative stand-alone prices. For arrangements containing lease and non-lease components, q.beyond applies IFRS 15 to allocate the contractually agreed consideration. When q.beyond acts as a lessor, each lease is classified upon commencement of the contract either as a finance lease or as an operating lease.
To assess each lease, q.beyond has performed an overall assessment to ascertain whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. The lease is classified as a finance lease where this is this case, and otherwise as an operating lease. In making this assessment, q.beyond accounts for certain indicators, such as whether the lease covers the major part of the economic life of the asset.
q.beyond recognises the head lease and the sublease separately in cases in which the company acts as an intermediate lessor. q.beyond classifies the sublease by reference to the right-of-use asset arising from the head lease rather than by reference to the underlying asset. If the head lease is a short-term lease, q.beyond classifies the sublease as an operating lease.
q.beyond applies IFRS 9 requirements for derecognition and impairment to its net investment in a lease. Lease payments from operating leases are credited to sales on a straight-line basis over the term of the lease.

Contract liabilities. One-off payments that have been received before the related performance obligation has been satisfied are stated as contract liabilities and recognised as sales over the agreed contractual term.

Taxes. q.beyond recognises current income tax assets and liabilities for current and prior periods at the amount expected to be reimbursed by or paid to the tax authorities. To calculate this, the company uses the tax rates and tax laws applicable to the relevant assessment period. Current income taxes relating to items recognised directly in equity are also recognised in equity.
Deferred taxes are recognised using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

q.beyond recognises deferred tax liabilities for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill
- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that at the time of the transaction does not affects taxable profit or loss; and
- where the deferred tax liability arises from taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

q.beyond recognises deferred tax assets for all deductible temporary differences and unused tax loss carryovers to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, tax loss carryovers not yet used and tax credits can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that at the time of the transaction affects neither the reported result for the period nor taxable profit or loss; and
- where the deferred tax asset relates to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, if it is probable that the temporary differences will not reverse in the foreseeable future and insufficient taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are also reassessed at each balance sheet date and recognised to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.
q.beyond measures deferred tax assets and liabilities at the tax rates expected to apply to the year when the asset is realised or the liability settled based on tax rates and tax laws that have been enacted as of the balance sheet date. Future changes in tax rates have to be accounted for if enacted or substantively enacted by the end of the reporting period.
Deferred taxes in connection with items recognised directly in equity in other comprehensive income are likewise recognised directly in equity (through OCI) and not through profit or loss.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to taxes on income at the same taxable entity and due to the same tax authority.

5 Changes to accounting policies

New, currently valid requirements

Effective date	New or amended standards and interpretations
1 January 2021	Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7,
	IFRS 4 and IFRS 16)[1]
	Apply IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts
	(Amendments to IFRS 4)
1 April 2021	Leases – Covid-19-Related Rent Concessions beyond 30 June 2021
	(Amendments to IFRS 16)[2,3]

[1] The amendments to these standards were adopted in EU law during 2021; pursuant to the corresponding regulation issued by the EU Commission, the amendments already require application in annual financial statements for reporting periods beginning on or after 1 January 2021.
[2] The amendments to this standard were adopted in EU law on 30 August 2021; pursuant to the corresponding regulation issued by the EU Commission, from 1 April 2021 the amendments already require application in financial years beginning on or after 1 January 2021.
[3] q.beyond did not receive any Covid-19-related rent concessions.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: The amendments offer temporary relief rules for the implications for financial reporting resulting from the replacement of interbank offered rates (IBOR) with alternative virtually risk-free rates (risk-free rates [RFR]). The amendments provide for the following practical expedients:

- A practical expedient which allows contractual amendments or changes in contractual cash flows which are a direct consequence of the reform, such as fluctuations in a market interest rate, to be treated as changes in a floating interest rate
- A practical expedient that permits changes in the designation and documentation of a hedge that are required by the IBOR reform not to result in the discontinuation of hedge accounting
- Temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments did not have any implications for the consolidated financial statements. The practical expedients will be drawn on from their effective date.

Future requirements and new standards not yet applied

The table below provides an overview of the latest amendments to IFRS requiring application in financial years beginning after 1 January 2022.

Effective date	New or amended standards and interpretations
1 January 2022	Business Combinations – Reference to the Conceptual Framework (Amendments to IFRS 3)
	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
	Annual Improvements to IFRS, 2018 – 2020 Cycle
1 January 2023	Insurance Contract (Amendments to IFRS 17)
Expected effective date still outstanding in EU	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and IFRS Practice Statement 2: Disclosure of Accounting Policies (Amendments to IAS 1)
	Accounting Policies, Changes in Estimates and Errors – Definition of Accounting Estimates (Amendments to IAS 8)
	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
	Insurance Contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)

The amended standards and interpretations are not expected to have any material implications for the consolidated financial statements. q.beyond has not made premature application of any standards, interpretations or amendments that have been published but have not yet taken effect.

Notes to the Consolidated Income Statement

6 Revenues

Revenues from hardware leases in the context of new multiple element arrangements amounted to € 283k in 2021 (2020: € 142k).

A breakdown of revenues by geographical regions is presented in the tables below. Furthermore, the revenues thereby broken down are reconciled with the segments described in Note 35.

€ 000s	Geographical region					
	Germany		Outside Germany		Total	
	2021	2020	2021	2020	2021	2020
Segments						
Cloud & IoT	108,543	98,263	5,108	3,738	113,651	102,001
SAP	39,806	40,052	1,704	1,363	41,510	41,415
Total	**148,349**	**138,315**	**6,812**	**5,101**	**155,161**	**143,416**

	Revenues in € 000s		Revenues in %	
	2021	2020	2021	2020
Sectors				
Retail and logistics	66,444	54,724	42.8%	38.2%
Manufacturing	34,727	29,485	22.4%	20.6%
Energy	8,026	9,857	5.2%	6.9%
Other	45,964	49,350	29.6%	34.4%
Total	**155,161**	**143,416**	**100.0%**	**100.0%**

q.beyond generally draws on the practical expedient provided in IFRS 15.121, which permits outstanding performance obligations for contracts with expected original terms of no longer than one year and revenues recognised in line with their invoicing to be exempted from the disclosure obligation.

7 Expenses by category

As in the previous year, of the total research and development expenses of € 7,550k (2020: € 6,738k), an amount of € 0k was capitalised as development expenses as the respective outlays did not meet the requirements of IAS 38.57.

€ 000s	2021	2020
Employee benefit expenses	82,897	77,985
Procured input expenses	52,018	49,754
Depreciation/amortisation of non-current and right-of use assets	16,311	16,857
Maintenance expenses	4,266	4,850
Consulting expenses	6,250	4,358
Other personnel-related expenses	2,412	2,585
Advertising expenses	1,628	2,126
Other expenses	5,384	5,870
Cost of revenues, sales and marketing expenses, general and administrative expenses	**171,166**	**164,385**

8 Depreciation, amortisation and impairments

Depreciation, amortisation and impairments are allocated to individual corporate functions as follows:

€ 000s	2021	2020
Cost of revenues	10,972	11,540
Sales and marketing expenses	229	142
General and administrative expenses	5,110	5,175
Depreciation, amortisation and impairments	**16,311**	**16,857**

9 Other operating income and expenses

€ 000s	2021	2020
Profit from sale of IP Exchange and IP Colocation	34,430	-
Income from subleases	1,162	1,188
Sundry other operating income	351	142
Sundry non-period other income	106	533
Income from commercial services	99	372
Income from insurance compensation	62	170
Non-period income from payroll and transport taxes	55	103
Income from disposal of non-current assets	44	38
Non-period income from electricity cost refunds	-	304
Other operating income	**36,309**	**2,850**

€ 000s	2021	2020
Disposal costs for IP Exchange and IP Colocation	3,379	-
Dismantling obligations	926	125
Other operating expenses in connection with pensions	331	-
Negative deposit rates	155	87
Sundry other operating expenses	82	155
Losses from disposal of non-current assets	80	52
Property transfer tax for spinoff	62	-
Property tax	54	60
Sundry non-period other operating expenses	31	22
Non-period expenses for social security payments	24	169
Non-period insurance expenses	-	37
Other operating expenses	**5,124**	**707**

10 Financial result

The financial expenses of € 309k (2020: € 464k) mainly comprise interest expenses of € 257k for leases recognised in accordance with the IFRS 16 leasing standard (2020: € 401k). The net interest charge on pension provisions amounts to € 24k (2020: € 34k). No borrowing costs directly attributable to qualifying assets were incurred.

11 Income from associates

The table below presents the key financials of the associates in summarised form. The table also presents a reconciliation of the summarised key financials with the carrying amount of the respective investment held by q.beyond in the associates.

€ 000s	2021 aiXbrain GmbH	2021 snabble GmbH	2021 cargonerds GmbH	2020 aiXbrain GmbH
Shareholding	**25.15%**	**25.41%**	**25.10%**	**25.15%**
Non-current assets	25	122	736	15
Current assets	122	2,184	3,825	149
Non-current liabilities	(270)	(724)	(180)	(150)
Current liabilities	(25)	(281)	(394)	(12)
Net assets (100%)	**(149)**	**1,302**	**3,986**	**2**
Carrying amount of investment in associate	**(37)**	**331**	**1,000**	**1**
Revenues	131	707	285	88
Net income	(147)	(401)	(513)	(157)
q.beyond's share of comprehensive income	**(37)**	**(102)**	**(129)**	**(40)**

Pursuant to the resolution underlying the capital increase, on 22 July 2021 q.beyond AG acquired 9,341 new shares with a nominal value of € 1 each in snabble GmbH, Bonn. The purchase price amounted to € 9k. Furthermore, q.beyond AG made an additional payment of € 2,491k into the company's free capital reserve. On the same day, a further 413 shares in the company with a nominal value of € 1 each were acquired at a purchase price of € 111k. q.beyond's shareholding in snabble GmbH amounts to 25.41%.
The company's object is the compilation, licencing and marketing of software and the provision of a technical platform for handling transaction processes within the merchandise selling process.
In the context of a capital increase, q.beyond acquired 19,962 shares with a nominal value of € 1 each in Röhlig blue-net GmbH. The acquisition was dated 26 August 2021 and took effect as of midnight on 31 August 2021. The purchase price amounted to € 20k. Moreover, an additional amount of € 3,780k was paid into the company's free capital reserve. Based on the spinoff and takeover contract dated 8 November 2021, the "cargonerds business" sub-operation was transferred in its entirety to the newly founded company cargonerds GmbH, which has its legal domicile in Bremen. This sub-operation also comprised the amount of € 3,780k paid into the capital reserve by q.beyond. As consideration for the transfer of the company assets thereby spun off, q.beyond AG was granted 6,275 shares in cargonerds GmbH with a nominal value of € 6,275. q.beyond's shareholding in cargonerds GmbH amounts to 25.10%.

The object of cargonerds is the design, programming and development, further development and operation of specific logistics software products aimed at digitalising business processes.
The shareholding in aiXbrain GmbH is a financial investment. The shareholdings in snabble GmbH and cargonerds GmbH are strategic investments. The income from associates results from continuing operations. No other income or expenses were incurred. Further information can be found in Note 37.

12 Earnings per share

The calculation of basic earnings per share is based on the consolidated net income attributable to ordinary shareholders in the parent company and the weighted average number of shares in circulation in the year under report.
A total of 124,542,420 shares were in circulation in the 2021 financial year.
The calculation of diluted earnings per share is based on the consolidated net income attributable to ordinary shareholders in the parent company and the weighted average number of shares in circulation in the year under report following adjustment for all dilutive effects of the convertible bonds issued in connection with stock option plans.

€ 000s	2021	2020
Consolidated net income attributable to shareholders in the parent company (basic)	9,712	(19,897)
Share-based remuneration in connection with employee share plans	(134)	-
Consolidated net income attributable to shareholders in the parent company (diluted)	9,578	(19,897)

Shares issued	2021	2020
Weighted average number of shares issued (basic)	124,542,420	124,316,237
Effect of conversion of convertible bonds	195,500	30,500
Effect of employee share plans	104,200	-
Weighted average number of shares issued (diluted)	124,842,120	124,346,737

The conversion effects for convertible bonds resulting from stock option plans and the associated share-based remuneration only account for those convertible bonds for which the conditions for conversion were met at the balance sheet date, even if the respective holding period prior to conversion had not yet expired.

13 Personnel expenses and employees

€ 000s	2021	2020
Wages and salaries	71,209	67,605
Employer social security contributions (pension insurance)	5,556	4,969
Employer social security contributions (other)	5,626	5,203
Pension expenses	261	218
Non-cash share-based remuneration	245	(10)
Employee benefit expenses	**82,897**	**77,985**

Wages and salaries include expenses of € 452k for the termination of employment contracts (2020: € 3,942k). During the 2021 financial year, q.beyond had an average total of 1,037 employees (2020: 896). The following table presents the distribution of employees by key corporate function:

	2021	2020
Sales and marketing	136	95
Technology and consulting	827	726
Administration	67	68
Head office departments	7	7
Number of employees by corporate function (average)	**1,037**	**896**

Notes to the Consolidated Balance Sheet

14 Property, plant and equipment

€ 000s	Land and buildings	Network and technical equipment	Operational and business equipment	Total
Gross value at 1 Jan. 2020	**29,632**	**86,152**	**21,577**	**137,361**
Acquisitions due to business combinations	-	2	66	68
Additions	48	4,836	483	5,367
Disposals	-	(210)	(571)	(781)
Reclassifications	-	(178)	178	-
Gross value at 31 Dec. 2020	**29,680**	**90,602**	**21,733**	**142,015**
Acquisitions due to business combinations	-	2,909	2,151	5,060
Additions	27	5,223	563	5,813
Disposals	-	(795)	(201)	(996)
Retirements due to deconsolidation /				
Sale of IP Colocation GmbH and IP Exchange GmbH	(3,762)	(15,958)	(14,431)	(34,151)
Gross value at 31 Dec. 2021	**25,945**	**81,981**	**9,815**	**117,741**
Accumulated depreciation and impairments at 1 Jan. 2020	**8,134**	**62,342**	**15,046**	**85,522**
Additions	797	6,147	1,279	8,223
Disposals	-	(194)	(537)	(731)
Accumulated depreciation and impairments at 31 Dec. 2020	**8,931**	**68,295**	**15,788**	**93,014**
Additions	766	6,081	1,195	8,042
Disposals	-	(495)	(200)	(695)
Retirements due to deconsolidation /				
Sale of IP Colocation GmbH and IP Exchange GmbH	(1,133)	(9,796)	(10,700)	(21,629)
Accumulated depreciation and impairments at 31 Dec. 2021	**8,564**	**64,085**	**6,083**	**78,732**
Carrying amounts at 31 Dec. 2020	**20,749**	**22,307**	**5,945**	**49,001**
Carrying amounts at 31 Dec. 2021	**17,381**	**17,896**	**3,732**	**39,009**

As of 31 December 2021, the "Network and technical equipment" line item included assets under construction of € 554k (2020: € 346k).
In the income statement, q.beyond recognises depreciation and amortisation within the cost of revenues, sales and marketing expenses and general and administrative expenses line items.

15 Goodwill

Goodwill amounted to € 29,956k as of 31 December 2021 (2020: € 20,993k).
In connection with the disposal of IP Colocation GmbH and IP Exchange GmbH, deconsolidation led to the retirement of goodwill amounting to € 800k and € 2,800k respectively. The goodwill at these companies was previously allocated to the Cloud & IoT segment.
In connection with the acquisition of shares in datac Kommunikationssysteme GmbH and Röhlig blue-net GmbH, initial consolidation resulted in the addition of goodwill amounting to € 6,483k and € 586k respectively. As a result of the acquisition of the business at Scanplus GmbH, initial consolidation led to the addition of goodwill amounting to € 5,494k. The goodwill from these companies was allocated to the Cloud & IoT segment.
Consistent with IFRS 8 requirements, the company's internal organisational structure used by the management for business decisions and performance assessments has been referred to as the basis for delineating segments. Accordingly, segment reporting is aligned to product structures. This has resulted in the segments of Cloud & IoT and SAP.
The groups of cash-generating units (CGUs) to which goodwill has been allocated correspond to the operating segments determined for the companies included in consolidation pursuant to IFRS 8.5. The operating segments represent the lowest level of reporting at the companies included in consolidation for which goodwill is systematically monitored.
Taking due account of the changes in the companies consolidated, the carrying amount of goodwill is allocated to segments as presented below:

€ 000s	Cloud & IoT	SAP
Carrying amount at 31 Dec. 2020	**11,449**	**9,543**
IP Colocation GmbH	(800)	-
IP Exchange GmbH	(2,800)	-
datac Kommunikationssysteme GmbH	6,483	-
Röhlig blue-net GmbH	586	-
ScanPlus GmbH	5,494	-
Carrying amount at 31 Dec. 2021	**20,413**	**9,543**

q.beyond determines the recoverable amount of the CGUs as their value in use and refers here to the cash flow forecasts from continued use of the CGUs based on the Management Board's planning for the company for a three-year period. This planning accounts for management expectations with respect to the future performance of individual business units and also takes due account of internal assumptions concerning the marketing opportunities for innovative applications, as well as of past experience.

The **Cloud & IoT segment** pools all IT services and offers a broad range of IoT services. Revenue growth in a double-digit percentage range has been assumed for the detailed planning period. This positive development is due above all to advancing digitalisation. Assuming that expenses do not rise to the same extent as revenues, a robust increase in EBITDA, and thus also in the EBITDA margin, is expected. The sustainable growth rate is assumed to amount to 1.0%.

The significant revenue growth expected in the **SAP segment** is to be viewed in particular in connection with the conversion by customers to the new S/4HANA software generation. A moderate improvement in the EBITDA margin has been assumed. A sustainable growth rate of 1.0% has been assumed for this segment.
To discount the cash flows expected for the respective CGUs, the segment-specific weighted average costs of capital (WACC) were determined. Segment-specific beta factors were derived by reference to peer group data.

Segment-specific pre-tax discount rates are as follows:

	2021
Cloud & IoT	9.1%
SAP	9.0%

The discount rate is a pre-tax key figure. It has been based on the yield on government bonds issued by the government on relevant markets and denominated in the same currencies as the underlying cash flows. This discount rate is adjusted to account for a risk premium reflecting the higher overall risk involved in an equity investment and the specific risk profiles of individual CGUs.
The values in use of the Cloud & IoT and SAP CGU groups are € 64,331k and € 61,619k higher than the carrying amounts of the respective assets.
The calculation of the CGUs' value in use is subject to forecasting uncertainties, particularly in respect of the development in prices and market shares, with these uncertainties requiring consideration when planning revenues, gross profit, the capex ratio and the discount rate.
Various scenario analyses were performed for the impairment tests. The Management Board has determined that a change deemed possible in a material assumption in the Cloud & IoT segment and the SAP segment might lead the carrying amount to exceed the recoverable amount. All other factors being equal, an impairment requirement would arise if revenues in the final planning year, and thus in perpetuity, were to fall 24.3% or 71.9% short of the revenues assumed in the plan.

16 Leases

q.beyond as lessee

In its capacity as lessee, q.beyond leases office space, car parking spaces, data centre space, vehicles, dark fibre lines and technical hardware. Pursuant to IFRS 16, the company has recognised right-of-use assets and lease liabilities for most of these lease contracts, i.e. the leases are recognised in the balance sheet.
Right-of-use assets are initially measured in the amount of the respective lease liabilities, adjusted to account for any lease payments made in advance or deferred, and subsequently at amortised cost. Right-of-use assets are subject to straight-line depreciation over the term of the respective contract.
q.beyond tested its right-of-use assets for impairment at the end of the financial year and concluded that there were no indications of impairment.
In applying IFRS 16, q.beyond drew on a number of practical expedients. Specifically, the company:

- Applied a single discount rate for a portfolio of similarly structured lease contracts (e.g. real estate contracts with similar remaining terms)
- Did not recognise any right-of-use assets or lease liabilities for those leases with terms ending within 12 months, and
- Did not recognise any right-of-use assets or lease liabilities for those leases for which the underlying asset is of low value (e.g. IT equipment).

The terms of contracts valid as of 31 December 2021 are presented in the following table:

Type of contract	Term in years
Lease contracts for office space	1 – 5
Lease contracts for car parking spaces	1 – 4
Lease contracts for data centre space	1 – 2
Lease contracts for cars	1 – 3
Lease contracts for dark fibre lines	1 – 2
Lease contracts for technical hardware	1 – 4

A number of lease contracts, mainly for real estate, include extension and termination options. In determining the terms of these contracts, due account is taken of all facts and circumstances offering an economic incentive to exercise extension options or not exercise termination options. q.beyond only accounts for amendments to the respective contractual terms due to the exercising or non-exercising of such options when these are reasonably certain to occur.

The company estimates that the potential future lease payments resulting from exercising the extension options on significant lease contracts would result in an undiscounted lease liability of € 4.7 million. The opening values, additions, disposals and amounts of depreciation for the right-of-use assets underlying the respective classes are presented in the table below:

€ 000s	Real estate	Technical equipment	Operational and business equipment	Total
Gross value at 1 Jan. 2020	**23,176**	**1,057**	**672**	**24,905**
Acquisitions due to business combinations	376	-	-	376
Additions	230	645	457	1,332
Disposals	(77)	(132)	(132)	(341)
Gross value at 31 Dec. 2020	**23,705**	**1,570**	**997**	**26,272**
Acquisitions due to business combinations	4,555	4,833	601	9,989
Additions	795	132	353	1,280
Disposals	(1,254)	-	(258)	(1,512)
Retirements due to deconsolidation /				
Sale of IP Colocation GmbH and IP Exchange GmbH	(13,971)	(1,372)	(29)	(15,372)
Gross value at 31 Dec. 2021	**13,830**	**5,163**	**1,664**	**20,657**
Accumulated depreciation and impairments at 1 Jan. 2020	**5,187**	**330**	**261**	**5,778**
Additions	4,206	425	320	4,951
Disposals	(107)	(50)	(126)	(283)
Accumulated depreciation and impairments at 31 Dec. 2020	**9,286**	**705**	**455**	**10,446**
Additions	3,706	501	376	4,583
Disposals	(1,079)	(226)	(23)	(1,328)
Retirements due to deconsolidation /				
Sale of IP Colocation GmbH and IP Exchange GmbH	(5,075)	(776)	(2)	(5,853)
Accumulated depreciation and impairments at 31 Dec. 2021	**6,838**	**204**	**806**	**7,848**
Carrying amounts at 31 Dec. 2020	**14,419**	**865**	**542**	**15,826**
Carrying amounts at 31 Dec. 2021	**6,992**	**4,959**	**858**	**12,809**

Amounts recognised in the income statement in addition to depreciation:

€ 000s	2021
IFRS 16 leases	
Interest expenses on lease liabilities	257
Interest income on subleasing of right-of-use assets in finance leases	1
Expenses for short-term leases	3
Expenses for low-value asset leases, except short-term leases of low-value assets	140

Amounts recognised in the statement of cash flows:

€ 000s	2021
Total outflow of cash for leases	**5,408**

The terms of the lease liabilities are presented in the table in Note 40.

q.beyond as lessor

Operating leases. q.beyond agrees lease-like components with its customers, in this case mainly for data centre space rental. Here, the company concludes part amortisation contracts without purchase options or price adjustment clauses. The lease contracts have average terms of three to five years (and in some cases provide for extension options).
In 2021, lease income of € 15,192k was recognised under revenues (2020: € 19,088k).

The following table presents a maturity analysis for lease receivables and shows the undiscounted lease payments due to be received after the balance sheet date:

€ 000s	2021
Operating lease contracts	
Less than 1 year	5,107
1 to 2 years	2,648
2 to 3 years	106
3 to 4 years	90
4 to 5 years	23
Operating lease contracts	**7,974**

Finance leases

q.beyond acts as lessor in some specialised multiple element arrangements and subleases. The following table presents a maturity analysis of the future minimum lease payments from finance leases:

€ 000s	2022	2023
Minimum lease payments receivable in future		
Lease payments	943	2
Discounting	(2)	-
Present values	**941**	**2**

In 2021, an amount of € 941k was recognised as lease payments (2020: € 2,736k).

17 Other intangible assets

In its income statement, q.beyond reports depreciation and amortisation within the cost of revenues, sales and marketing expenses and general and administrative expenses line items.

€ 000s	Licenses	Acquired software	Internally generated software	Customer bases	Brands	Other	Total
Gross value at 1 Jan. 2020	**85**	**7,264**	**10,761**	**36,223**	**2,726**	**11,364**	**68,423**
Additions	-	136	-	-	18	-	154
Disposals	-	(83)	-	(97)	(1,812)	(458)	(2,450)
Gross value at 31 Dec. 2020	**85**	**7,317**	**10,761**	**36,126**	**932**	**10,906**	**66,127**
Acquisitions due to business combinations	-	803	-	-	-	-	803
Additions	-	209	-	1,479	14	2,172	3,874
Retirements due to deconsolidation / Sale of IP Colocation GmbH and IP Exchange GmbH	-	(42)	-	(16,389)	-	-	(16,431)
Gross value at 31 Dec. 2021	**85**	**8,287**	**10,761**	**21,216**	**946**	**13,078**	**54,373**
Accumulated amortisation and impairments at 1 Jan. 2020	**85**	**5,297**	**9,420**	**24,369**	**2,626**	**10,715**	**52,512**
Additions	-	20	868	2,055	101	639	3,683
Disposals	-	(83)	-	(97)	(1,812)	(458)	(2,450)
Accumulated amortisation and impairments at 31 Dec. 2020	**85**	**5,234**	**10,288**	**26,327**	**915**	**10,896**	**53,745**
Additions	-	690	376	2,236	3	258	3,563
Retirements due to deconsolidation / Sale of IP Colocation GmbH and IP Exchange GmbH	-	(29)	-	(10,249)	-	-	(10,278)
Accumulated amortisation and impairments at 31 Dec. 2021	**85**	**5,895**	**10,664**	**18,314**	**918**	**11,154**	**47,030**
Carrying amounts at 31 Dec. 2020	**-**	**2,083**	**473**	**9,799**	**17**	**10**	**12,382**
Carrying amounts at 31 Dec. 2021	**-**	**2,392**	**97**	**2,902**	**28**	**1,924**	**7,343**

18 Trade receivables

In terms of their historic recoverability, receivables that are not more than 180 days past due showed a very low default rate of 0.1% over the past five years. Unless the creditworthiness of the respective customer changes significantly in the first 180 days after performance of the respective service, based on historic empirical values and with due consideration of materiality factors q.beyond therefore does not recognise any allowance in this period. A risk allowance to cover the expected default is recognised on these receivables at the aforementioned rate of 0.1%. Receivables that are more than 180 days past due are considered on an individual case basis, i.e. all receivables more than 180 days past due are individually tested for impairment. As of 31 December 2021, trade receivables amounting to € 326k were impaired (2020: € 585k). The individual allowances schedule and provision for expected credit losses developed as follows:

€ 000s	2021	2020
Allowance at 1 January	**585**	**213**
Added and expensed	123	441
Utilised	(49)	-
Reversed	(333)	(69)
Allowance at 31 December	**326**	**585**

The allowance recognised for trade receivables as of 31 December 2021 is structured as follows:

€ 000s	Default rate (weighted average)	Gross carrying amount	Allowance	Impaired credit-worthiness
Receivables				
Expected credit loss	0.1%	35,398	(27)	no
Individual allowance	82.3%	352	(299)	yes
Total		**35,750**	**(326)**	**35,424**

Receivables of € 28k were written down in the financial year under report (2020: € 248k).
Incoming payments of € 27k were received in the 2021 financial year (2020: € 263k) on previously written down receivables with carrying amounts of € 32k (2020: € 340k).

19 Prepayments

Non-current prepayments of € 1,138k (2020: € 1,664k) and current prepayments of € 5,799k (2020: € 3,214k) chiefly consist of prepayments for service, maintenance, rental, licence and insurance agreements.

20 Inventories

Inventories amounted to € 249k as of 31 December 2021 (2020: € 57k). This total includes merchandise designated for sale amounting to € 225k (2020: € 0k) and consumables of € 24k (2020: € 57k).

21 Other assets

€ 000s	2021	2020
Current assets		
Receivables from tax authorities	2,570	855
Receivables from subleases	614	627
Cash deposits paid	606	885
Receivables from multiple element arrangements	448	730
Contract acquisition costs	156	158
Other current assets	579	259
Current assets	**4,973**	**3,514**

€ 000s	2021	2020
Non-current assets		
Paid cash deposits	390	895
Receivables from subleases	16	632
Receivables from multiple element arrangements	21	324
Contract acquisition costs	-	41
Other non-current assets	110	169
Non-current assets	**537**	**2,061**

22 Cash and cash equivalents

Cash and cash equivalents amounted to € 56,700k at the 2021 balance sheet date (2020: € 44,925k) and consisted of cash at banks and cash on hand.

23 Issued capital

As of 1 January 2021, issued capital at the company amounted to € 124,472,487 and comprised 124,472,487 no-par registered ordinary shares.
Conversion rights relating to stock option plans were exercised during the financial year under report, as a result of which 107,000 convertible bonds were converted into shares.
The changes in the number of shares and in issued capital are as follows:

	No-par ordinary shares	€
Number of shares at 1 January 2021	**124,472,487**	**124,472,487**
Addition due to issue of no-par ordinary shares	107,000	107,000
Number of shares at 31 December 2021	**124,579,487**	**124,579,487**

In the 2020 financial year, a dividend of € 0.03 per share with dividend entitlement was distributed for the 2019 financial year (€ 3,725k).

24 Capital reserve

The capital reserve amounted to € 144,147k as of 31 December 2021 (2020: € 144,160k). This amount also includes the deferred share-based remuneration for the stock option plans. Of the year-on-year change, € 47k is due to the exercising of convertible bonds and € -60k to non-cash share-based remuneration.

25 Authorised and conditional capital

Authorised capital. By resolution of the Annual General Meeting on 20 May 2020, the Management Board is authorised, subject to approval by the Supervisory Board, to increase the company's issued capital by up to a total of € 37,000,000.00 on one or several occasions up to 19 May 2025 by issuing new no-par registered shares in return for contributions in cash and / or kind (Authorised Capital 2020). As a general rule, subscription rights should be granted to shareholders. Subscription rights may also be granted to shareholders in such way that the new shares are taken over by one or several banks or companies defined in § 186 (5) Sentence 1 of the German Stock Corporation Act (AktG) with the obligation to offer them to shareholders for subscription (indirect subscription right). When drawing on authorised capital, the Management Board may, subject to approval by the Supervisory Board, exclude shareholders' subscription rights in five cases: (1) to exclude residual amounts from shareholders' subscription rights; (2) when the new shares are issued in return for contributions in kind in the context of business combinations or for the purpose of acquiring companies, parts of companies, interests in companies or of other assets or of rights to acquire other assets, including receivables due to the company; (3) if the new shares are issued in return for cash contributions and if, at the time of final stipulation, the issue price for each new share does not fall materially short of the stock market price of company shares of the same class and furnished with the same rights that are already listed. The number of shares issued to the exclusion of subscription rights in this way may not exceed a total of 10% of issued capital either at the time at which this authorisation takes effect or at the time at which the authorisation is drawn on. Other shares issued or disposed of during the term of this authorisation to the exclusion of subscription rights with direct or corresponding application of § 186 (3) Sentence 4 AktG must be imputed to this 10% limit, as must any shares issued to satisfy option and / or conversion rights or obligations in connection with warrant and / or convertible bonds and / or profit participation rights to the extent that such bonds or profit participation rights are issued during the term of this authorisation to the exclusion of subscription rights with corresponding application of § 186 (3) Sentence 4 AktG; (4) to the extent necessary to issue subscription rights for new shares to the bearers or creditors of warrant and / or convertible bonds with option and / or conversion rights or obligations that were or are still to be issued by the company or an affiliated group company pursuant to § 18 AktG in which the company directly or indirectly holds a majority stake, with such subscription rights for new shares being issued to the extent to which the aforementioned bearers or creditors would be entitled having exercised their option or conversion rights or satisfied their option exercise or conversion obligations ; (5) if the new shares are to be issued to employees of the company, employees of a company affiliated with the company, or members of the management of a company

affiliated with the company in the context of share participation or other share-based plans, in which case the employment relationship with the company or, in the case of an affiliated company, the affiliation with the company and the employment relationship with such affiliated company must still pertain at the time at which the issue of shares is approved; to the extent permitted by § 204 (3) Sentence 1 AktG, the contribution payable for the new shares may be covered from that portion of the annual net surplus which the Management and Supervisory Boards are permitted to allocate to other revenue reserves pursuant to § 58 (2) AktG. The number of shares issued to the exclusion of subscription rights in this way may not exceed a total of 5% of issued capital either at the time at which this authorisation takes effect or at the time at which the authorisation is drawn on; and only to the extent that the shares issued to the exclusion of shareholders' subscription rights in return for cash contributions or contributions in kind on the basis of and during the term of this authorisation or on the basis of another authorised capital do not exceed a total of 20% of issued capital either at the time at which this authorisation takes effect or at the time at which the authorisation is drawn on. Treasury shares disposed of to the exclusion of subscription rights during the term of this authorisation are imputed to the aforementioned 20% limit, as are any new shares to be issued to the exclusion of subscription rights during the term of this authorisation as a result of warrant and / or convertible bonds and / or option or conversion rights.
Any shares to be issued on the basis of convertible bonds resulting from any stock option plan at q.beyond AG which benefits Management Board members and company employees or members of the management and employees at affiliated companies are exempted from the aforementioned imputation.
This authorised capital is intended to enable q.beyond AG to react swiftly and flexibly to opportunities arising on the capital market and where necessary to obtain equity capital on favourable terms. No use was made of authorised capital in the past financial year.

Conditional capital. The company had conditional capital totalling € 27,344,500 as of the balance sheet date. This was divided into Conditional Capital IV (€ 25,000,000), Conditional Capital VIII (€ 1,919,500) and Conditional Capital IX (€ 425,000).
Conditional Capitals VIII and IX serve to grant conversion rights to bearers of convertible bonds that q.beyond AG has issued or may issue within the framework of existing stock option plans to Management Board members (Conditional Capital IX) or to managing directors of affiliated companies, employees of q.beyond AG and affiliated companies (Conditional Capital VIII).
Conditional Capital IV may be used by the Management Board to create tradable warrant and / or convertible bonds. The Management Board is authorised by resolution of the Annual General Meeting on 20 May 2020 to issue such instruments in order to access additional attractive financing alternatives on the capital market, depending on market conditions, over and above traditional possibilities of taking up debt and equity capital. The convertible bonds may be issued in return for both cash contributions and contributions in kind. The Management Board is authorised, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights to these warrant and / or convertible bonds in four cases: (1) to settle residual amounts resulting from the subscription ratio; (2) when the bonds are issued in return for contributions in kind, particularly in the context of company acquisitions; (3) if, in the case of bonds being issued in return

for cash contributions pursuant to § 186 (3) Sentence 4 AktG, the issue price does not fall materially short of the market value of the bonds; and (4) to the extent necessary to issue subscription rights to the bearers or creditors of warrant and / or convertible bonds previously issued in order to avoid dilution of their respective holdings.
To date, the Management Board has not acted on the authorisation to issue tradable warrant and / or convertible bonds.
The exclusion of shareholders' subscription rights pursuant to § 186 (3) Sentence 4 AktG may only apply for the use of treasury stock, for the issue of new shares from authorised capital and for the issue of warrant and / or convertible bonds corresponding up to an aggregate total of no more than 10% of issued capital during the term of the respective authorisation. Apart from this, the exclusion of shareholders' subscription rights, irrespective of the legal grounds, for the use of treasury stock, for the issue of new shares from authorised capital and for the issue of warrant and / or convertible bonds (including those issued within q.beyond's stock option plans) may not exceed an aggregate total of 20% of issued capital during the term of the respective authorisation.

26 Other reserves

The development in this item in the 2021 and 2020 financial years is presented in the consolidated statement of changes in equity.
Other reserves were structured as follows as of 31 December:

€ 000s	2021	2020
Other reserves		
Actuarial losses on pension plans	(2,598)	(3,660)
Deferred taxes	846	1,194
Other reserves	**(1,752)**	**(2,466)**

27 Other financial liabilities

Other financial liabilities comprise contingent consideration of € 1,861k (2020: € 0k), a loan liability of € 500k due to an associate with a fixed term until 30 September 2024 (2020: € 0k) and convertible bonds (see Note 36) of € 14k (2020: € 21k).

Contingent consideration (see Note 2). The first-time recognition of an earn-out obligation to the former shareholder in datac Kommunikationssysteme GmbH has been based on a probability-weighted scenario analysis and amounts to € 1,127k. q.beyond AG entered into an obligation towards the minority shareholder in q.beyond logineer GmbH to assume the potential tax charge resulting from the spin-off at the level of its shareholding in this company. This charge has been valued at € 734k.
Information about current liabilities under finance lease arrangements can be found in Note 16.

28 Pension provisions

q.beyond operates defined benefit pension plans which are partially secured through reinsurance policies that are classified as plan assets in accordance with IAS 19.
Pension provisions cover the obligations resulting from pension commitments made to one member of the Supervisory Board during his previous activity as a member of q.beyond's Management Board and to two former Management Board members at the former INFO AG, as well as obligations resulting from pension commitments made to parts of q.beyond's workforce in previous years.
The pension entitlements relate to defined benefits which depend primarily on the period of service with the company and the relevant level of pensionable salary. These defined benefit plans expose q.beyond to actuarial risks, including longevity and interest rate risks.
The pension provisions for defined benefit plans are measured using the projected unit credit method in accordance with the requirements of IAS 19 and take future developments into account. The biometric calculations were based on the 2018 G biometric tables newly published in 2018 by Prof. Dr. Klaus Heubeck – Lizenz Heubeck-Richttafeln-GmbH, Cologne.
q.beyond recognises actuarial gains and losses directly through other comprehensive income. In 2021, accumulated actuarial losses after taxes of € 1,752k were recognised through other comprehensive income (2020: € 2,466k). Total actuarial gains (2020: losses) after taxes came to € 714k in the 2021 financial year (2020: € -319k).

€ 000s	2021	2020
Present value of defined benefit obligation at 1 January	**8,683**	**8,423**
Interest cost	34	46
Actuarial gains (losses)		
Due to changes in financial assumptions	(714)	401
Due to experience adjustments	(334)	74
Benefits paid	(366)	(261)
Present value of defined benefit obligation at 31 December	**7,303**	**8,683**
Fair value of plan assets at 1 January	**(2,356)**	**(2,130)**
Interest income	(10)	(12)
Expenses from plan assets excluding amounts		
included in net interest income and expenses	(14)	(4)
Amounts paid out	120	-
Company contributions to plan assets	(213)	(210)
Fair value of plan assets at 31 December	**(2,473)**	**(2,356)**
Pension provision at 31 December	**4,830**	**6,327**
Discount factor	1.02%	0.40%
Rate of compensation increase	2.00%	2.00%
Pension indexation	1.00%	1.00%

Expenses for plan assets excluding amounts included in interest income are reported under other comprehensive income.
The income and expenses recognised in the income statement for defined benefit plans are structured as follows:

€ 000s	2021	2020
Pension expenses		
Interest cost	34	46
Income from plan assets recognised through profit or loss	(10)	(12)
Pension expenses	**24**	**34**

Pension payments of € 222k and funding contributions to plan assets of € 213k are expected in 2022.

If the aforementioned material assumptions used to measure pension obligations as of the balance sheet date were to change by half a percentage point in each case, pension obligations would increase/decrease as follows:

€ 000s	Change in pension obligations	Pension obligations
Change in interest rate +0.5%	(509)	6,794
Change in interest rate -0.5%	567	7,870

As of 31 December 2021, the weighted average term of the defined benefit obligation came to 15.2 years (2020: 15.3 years).
Employer contributions to defined contribution plans amounted to € 5,556k in the 2021 financial year (2020: € 4,969k).

29 Other provisions and tax provisions

(a) Other provisions

€ 000s	Restruc-turing	Redundancy payments	Dismant-ling	Onerous contracts	Litigation risks	Warranties	Total
Balance at 1 January 2021	**4,919**	**1,076**	**565**	**107**	**66**	**24**	**6,757**
Added	-	652	926	162	-	-	1,740
Utilised	3,003	409	-	54	-	-	3,466
Reversed	97	183	-	-	66	24	370
Balance at 31 December 2021	**1,818**	**1,137**	**1,491**	**215**	**-**	**-**	**4,661**
Non-current	-	-	440	-	-	-	440
Current	1,818	1,137	1,051	215	-	-	4,221
Balance at 31 December 2021	**1,818**	**1,137**	**1,491**	**215**	**-**	**-**	**4,661**

Restructuring. The restructuring measures for which provisions were recognised in previous year will be completed in the 2022 financial year.

Redundancy payments. Provisions of € 652k were capitalised in 2021 for redundancy payments to employees. These provisions will be utilised in 2022. The estimated costs are based on the terms of the relevant agreements. As of the balance sheet date, q.beyond still had obligations resulting from 2020; these will be utilised in 2022.

Dismantling. The dismantling obligation mainly comprises an amount of € 1,051k (2020: € 125k) for a leased office building whose rental term expires on 31 December 2022, as well as an amount of € 440k (2020: € 440k) for a rented data centre for which the rental term expires on 30 April 2023.

Onerous contracts. These relate to anticipated losses of € 162k on a transaction and ancillary costs of € 53k (2020: € 107k) at a rented property where the object of the rental agreement can only be used to a diminished extent and for which the onerous contract expires as of 31 December 2022.

(b) Tax provisions

€ 000s	Corporate income tax and solidarity surcharge	Trade tax	Interest as per § 233a of the Fiscal Code (AO)	Total
Balance at 1 January 2021	**157**	**169**	**6**	**332**
Taken over in a business combination	23	82	-	105
Added	283	1,823	-	2,106
Utilised	(180)	(238)	(6)	(424)
Reversed	(227)	(271)	-	(498)
Balance at 31 December 2021	**56**	**1,565**	**-**	**1,621**

30 Trade payables and other liabilities

€ 000s	2021	2020
Non-current		
Trade payables	1,125	-
Non-current	**1,125**	**-**

€ 000s	2021	2020
Current		
Trade payables	13,887	10,392
Personnel liabilities	7,229	7,914
Liabilities due to tax authorities	1,537	1,815
Contract liabilities	74	670
Other liabilities	1,523	1,645
Current	**24,250**	**22,436**

31 Deferred income

Consideration paid in advance for services that have not yet been performed or goods that have not yet been delivered is deferred on a time-apportioned basis over the term of the contract or over the period for which the customer relationship is expected to last.

Notes to the Consolidated Statement of Cash Flows

The statement of cash flows is divided into three sections: operating, investing and financing activities. The cash flow from operating activities has been calculated using the indirect method.
The cash flow from financing activities includes outgoing payments for the repayment of lease liabilities. Interest income is recognised in the cash flow from operating activities, while interest payments are accounted for in the cash flow from financing activities. Tax payments are reported in their full amount in the cash flow from operating activities, as it is not possible to allocate these items to individual segments.

32 Cash flow from operating activities

The cash flow from operating activities amounted to € -7,662k in the 2021 financial year and thus showed a further year-on-year deterioration of € 2,696k. The negative cash flow was mainly due to negative earnings before taxes which, following adjustment for the profit of € 34,430k on the sale of subsidiaries (2020: € 0k), amounted to € -19,792k, as well as to income tax payments of € 3,553k (2020: € 406k).

33 Cash flows from investing activities and financing activities

The cash flow from investing activities amounted to € 24,698k in the 2021 financial year (2020: € -7,087k). The year-on-year improvement is due to the proceeds received from the sales of IP Exchange GmbH (€ 44,032k) and IP Colocation GmbH (€ 9,587k). These were opposed by payments of € 15,483k for the purchase of subsidiaries (2020: € 1,515k) and of € 6,391k for the purchase of associates (2020: € 0k). Payments for the purchase of property, plant and equipment and of intangible assets rose by € 1,693k compared with the previous year.
The cash flow from financing activities amounted to € -5,261k in the 2021 financial year (2020: € -9,053k). The outflow of funds was primarily due to payments of € -5,408k in connection with lease liabilities (2020: € -5,651k). In the 2020 financial year, a dividend of € -3,725k was paid to shareholders in q.beyond AG.

€ 000s	1 Jan. 2021	Cash-effective changes	Non-cash-effective changes	Additions due to initial consolidation	Retirements due to decon-solidation/sale	31 Dec. 2021
Financial liabilities						
Long-term loans	-	500	-	-	-	500
Lease liabilities	17,868	(5,664)	1,351	9,989	(9,871)	13,673
Financial liabilities	**17,868**	**(5,164)**	**1,351**	**9,989**	**(9,871)**	**14,173**

Other Disclosures

34 Subsidiaries

The consolidated financial statements include the following companies:

€ 000s	Shareholdings in %	Equity 31 Dec. 2021	Net income 2021
Subsidiary, domicile, country			
(Disclosures as per HGB annual financial statements)			
Incloud Engineering GmbH, Darmstadt, Germany	100.00	612	-[1]
Q.BEYOND SIA, Riga, Latvia	100.00	199	37
datac Kommunikationssysteme GmbH, Augsburg, Germany	100.00	1,080	110
scanplus GmbH, Ulm, Germany	100.00	9,922	(838)[2]
q.beyond logineer GmbH, Bremen, Germany	51.00	591	238[3]

[1] Profit/loss transfer agreement with q.beyond AG since 1 Jan. 2021.
[2] Short financial year from 6 Oct. 2021 to 31 Dec. 2021.
[3] Short financial year from 1 Sep. 2021 to 31 Dec. 2021.

For all its subsidiaries, the control exercised by q.beyond is attributable to its share of voting rights. Information about the acquisitions of datac Kommunikationssysteme GmbH, scanplus GmbH and q.beyond logineer GmbH can be found in Note 2.

35 Segment reporting

In accordance with the provisions of IFRS 8, the basis for identifying segments consists of the company's internal organisational structure as used by corporate management for business administration decisions and performance assessments.

Cloud & IoT. This segment pools all IT services that assist companies in gradually transitioning to the digital age and also includes a broad portfolio of IoT services. Customers are increasingly combining IoT and IT services. All major IT functions can be procured as turnkey cloud modules or as individual outsourcing services. These range from virtual IT workplaces and business applications to flexible IT resources through to comprehensive communications and network services. These activities are supplemented by colocation services involving the provision of data centre capacities.
The IoT business also covers the whole spectrum of relevant services, including software competence, hardware from sensors through to gateways, and secure data transmission and storage.

SAP. The “SAP” segment involves the provision of consulting services to companies to assist them in digitalising and optimising their business processes based on SAP technologies and the operation of corresponding applications. q.beyond is an SAP full-service provider and has extensive experience in basis operations, application management, implementation, user support and maintenance, as well as in licensing and rental models.

The segment contribution is the key segment performance indicator referred to by the management. This is defined as EBITDA before general and administrative expenses and the other operating result. For income statement purposes, the cost of revenues is thus allocated in full to the respective segment, as are sales and marketing expenses. The direct and indirect allocation of costs to individual segments is consistent with internal reporting and management structures.
Indirect cost allocation is primarily based on resource utilisation by the respective segments. The Management Board does not receive any regular information about segment-specific assets and liabilities, general and administrative expenses, depreciation and amortisation and other operating income and expenses as components of the respective segment earnings figures.

€ 000s	Cloud & IoT	SAP	Group
2021 financial year			
Revenues	**113,651**	**41,510**	**155,161**
Cost of revenues	(91,140)	(33,746)	(124,886)
Gross profit	**22,511**	**7,764**	**30,275**
Sales and marketing expenses	(10,180)	(2,387)	(12,567)
Segment contribution	**12,331**	**5,377**	**17,708**
General and administrative expenses			(17,157)
Depreciation and amortisation (including share-based remuneration)			(16,556)
Other operating income and expenses			31,185
Operating earnings (EBIT)			**15,180**
Financial income			35
Financial expenses			(309)
Income from associates			(268)
Earnings before taxes			**14,638**
Income taxes			(4,793)
Consolidated net income			**9,845**

€ 000s	Cloud & IoT	SAP	Group
2020 financial year			
Revenues	**102,001**	**41,415**	**143,416**
Cost of revenues	(85,551)	(34,703)	(120,254)
Gross profit	**16,450**	**6,712**	**23,162**
Sales and marketing expenses	(8,696)	(3,866)	(12,562)
Segment contribution	**7,754**	**2,846**	**10,600**
General and administrative expenses			(14,721)
Depreciation and amortisation (including share-based remuneration)			(16,848)
Other operating income and expenses			2,143
Operating earnings (EBIT)			**(18,826)**
Financial income			52
Financial expenses			(464)
Income from associates			(39)
Earnings before taxes			**(19,277)**
Income taxes			(620)
Consolidated net income			**(19,897)**

Revenues include € 3,134k generated with non-German EU customers (mainly Netherlands [€ 824k], Malta [€ 573k], Austria [€ 466k], Spain [€ 198k] and Ireland [€ 186k]), as well as € 3,678k with non-EU customers (mainly UK [€ 2,261k] and Switzerland [€ 1,057k]). All other revenues were generated in Germany. In the 2021 financial year, the "Cloud & IoT" and "SAP" segments had two customers who respectively accounted for 16.2% and 10.7% of total revenues.

36 Stock option plans

Since 1999, q.beyond has incepted a total of eight stock option plans providing for the issue of convertible bonds with a nominal amount of € 0.01 each to employees, Management Board members and members of the management at affiliated companies. Convertible bonds are allocated by the Management Board. The Supervisory Board alone decides on allocations to members of the Management Board of q.beyond AG. Participants in these plans are entitled to subscribe convertible bonds in return for payment of the nominal amount of € 0.01 and to convert each convertible bond into a no-par registered share in return for payment of the exercise price. The exercise price for the convertible bond corresponds to the stock market price of the share on the issue date. The convertible bonds have an eight-year term and are subject to a four-year lockup period following subscription.

As of the balance sheet date on 31 December 2021, the SOP 2012 and SOP 2015 plans were active. Convertible bonds allocated within the SOP 2012 plan were eligible for subscription for the last time on 15 May 2017. Allocations and subscriptions within the SOP 2015 plan, which is solely available to Management Board members, were possible until 26 May 2020.

The conversion right provided for by the SOP 2012 and 2015 plans may only be exercised at the earliest after the expiry of a four-year waiting period and only if at least one of the following two conditions is met: the share price is at least 20% higher than the conversion price or the share has outperformed the TecDAX in relative terms since the subscription date. No personnel expenses have been recognised pursuant to IFRS 2 for the convertible bonds resulting from the 2000, 2000A, 2001 and 2002 SOP plans, none of which is now utilisable.

No option values had to be calculated in the 2020 and 2021 financial years for the SOP 2012 and 2015 plans.

The distribution of the convertible bonds outstanding under the active plans as of 31 December 2021 and 31 December 2020 is as follows:

	Number of convertible bonds	Weighted average exercise price in €
Outstanding at 31 December 2019	**2,501,500**	**2.06**
Lapsed in 2020	(93,500)	2.26
Exercised in 2020	(300,000)	1.13
Outstanding at 31 December 2020	**2,108,000**	**2.18**
Lapsed in 2021	(92,000)	1.82
Exercised in 2021	(107,000)	1.44
Term of convertible bonds expired	(508,100)	2.85
Outstanding at 31 December 2021	**1,400,900**	**2.02**

For 508,100 convertible bonds, the eight-year term expired in the 2021 financial year. At the end of the term, q.beyond paid back the issue amount of € 0.01 per convertible bond, plus a yield of 3.5% p.a. for the whole of the term, to the creditors of the convertible bonds. This resulted in interest expenses of € 1,430.

The exercise prices of the 1,400,900 convertible bonds outstanding range from € 1.14 to € 4.59, while the remaining term for exercising them ranges from directly exercisable through to 14 May 2025 at the latest. The exercise price is set upon subscription and cannot be changed subsequently. Depending on the development in its share price, the company expects the outstanding convertible bonds to be converted at the latest by 2025.

As of the balance sheet date on 31 December 2021, the agreed four-year lockup period had expired for all of the outstanding convertible bonds; however, only 195,500 stock options were directly exercisable as of the balance sheet date. Due to the underlying terms not yet having been met in full, it was not yet possible to exercise the other 1,205,400 convertible bonds.
In the 2021 financial year, income of € 60k was generated in connection with non-cash share-based remuneration in the active 2012 and 2015 stock option plans (2020: income of € 10k).

2020 share matching plan

Between 1 September and 9 October 2020, plan participants were able to acquire shares in q.beyond AG on their own behalf and their own account. Subsequent to 31 December 2022, q.beyond will grant matching shares at a predefined ratio to each plan participant if the company's share price reaches € 2.80 by the end of 2022. The plan is capped at a share price of € 4.00. The number of matching shares granted to each participant is dependent on the number of shares acquired at the beginning of the plan, as well as on the participant remaining at the q.beyond Group during the term of the plan. q.beyond still plans to service the incentive scheme by way of a cash payment corresponding to the stock market value upon maturity of the matching shares to be granted, but is nevertheless also entitled to satisfy the respective claims by granting actual shares.
Plan participants acquired a total of 1,025,369 shares during the acquisition period, which ran from 1 September to 9 October 2020. In the 2021 financial year, the number of eligible shares decreased to 920,369. The obligation resulting from the share matching plan was initially recognised at fair value as of the grant date. The fair value of the matching shares committed in the past financial year was determined using a calculation model based on a Monte Carlo simulation. q.beyond shares were included in this model with their expected weighted volatility as of the balance sheet date and at a price of € 1.962 per share. The expected volatility was based on the implicit volatilities of traded company options, which were then calibrated to the option date (term and target share price) of the share matching plan. The model used a risk-free interest rate of -0.505% and an expected dividend yield of 0%.
The share-based remuneration will be recognised in the income statement on a time-apportioned basis through to 31 December 2022, with expenses of € 173k recognised in the 2021 financial year (2020: € 25k). A liability of € 198k was recognised as of 31 December 2021 for obligations in connection with the 2021 share matching plan (status as of 31 December 2020: € 25k).

2021 employee share plan

In May 2021, the Management Board of q.beyond AG provided all employees of q.beyond AG and affiliated companies with the opportunity of voluntarily participating in a 2021 employee share plan. This participation programme runs until 31 December 2022.
Until 21 June 2021, all plan participants were able to acquire a maximum of 2,100 shares in q.beyond AG each in their own name and on their own account. For every three shares in q.beyond AG thereby acquired, each plan participant will receive one additional share free of charge from q.beyond if the employee holds

the shares thereby acquired without interruption through to 31 December 2022 and continues to be employed at a company within the q.beyond Group. The granting of bonus shares at the end of the term is not linked to the share price performance of q.beyond AG. At the end of the participation programme, rather than issuing bonus shares the Management Board is also entitled to make a payment to the plan participants which corresponds to the stock market price of the shares on the payment date.

By 21 June 2021, the plan participants acquired a total of 327,900 shares. Due to employees leaving the company, the number of eligible shares decreased to 312,600 as of 31 December 2021.

The expenses incurred in connection with the 2021 employee share plan qualify as cash-settled share-based remuneration. This involves a special form of performance-related employee remuneration whose value is determined by the share price but not dependent on the development in such. Only those participants who continue without interruption to be employees of q.beyond or one of its subsidiaries are entitled to be granted bonus shares.

The obligations in connection with this share-based remuneration are recognised at fair value upon initial recognition and at each reporting date until the respective liability is settled. In subsequent periods, the effects arising from remeasurement of the obligation are recognised through profit or loss, irrespective of whether the fair value change was caused by the share price performance or by changes in the number of eligible employees.

The obligations were initially measured at a fair value of € 0k as of the commitment date (21 June 2021), as the plan participants had not provided any counter-performance as of this date.

Taking due account of the closing price of q.beyond shares, which amounted to € 1.962, the fair value of the obligation amounted to € 70k as of 31 December 2021. Accordingly, expenses of € 70k were recognised in the income statement in the 2021 financial year.

37 Related party transactions

The remuneration of managers holding key positions at the Group, which requires disclosure pursuant to IAS 24, comprises the remuneration of active Management Board members and of Supervisory Board members.

Management Board remuneration

€ 000s	2021	2020
Management Board remuneration		
Short-term benefits	408	413
Other long-term benefits	-	139
Management Board remuneration	**408**	**552**

Management Board remuneration for the 2021 financial year totalled € 408k, compared with € 552k in the previous year. This comprises fixed remuneration of € 300k (2020: € 300k), fringe benefits of € 34k (2020: € 32k) and variable remuneration of € 74k from the short-term incentive (STI) (2020: € 220k from the short and long-term incentives).

Any claim to variable remuneration from the STI is fully vested by the activity of the Management Board in the year under report; based on the Management Board remuneration system in place since the 2021 financial year, the actual payment is made in May 2022 once the Supervisory Board has determined the level of target achievement.

At the end of the 2021 financial year, the company's Management Board (CEO) held voting rights for a total of 1,000,000 shares, and thus unchanged on the previous year (share of voting rights: 0.8%).

As in the previous year, no loans or advances were granted to the Management Board in the 2021 financial year.

The remuneration paid to Supervisory Board members comprises annual basic remuneration and additional remuneration for committee activity. For the 2021 financial year, the Supervisory Board members received short-term remuneration totalling € 315k (unchanged on previous year). Supervisory Board remuneration is due for payment after the end of the financial year and is thus disbursed to members in the subsequent year.

The company's Supervisory Board members hold a total of 31,611,294 shares, corresponding to a share of around 25.37% of voting rights.

	No. of shares	
	31 Dec. 2021	**31 Dec. 2020**
Dr. Bernd Schlobohm, Chair	15,769,910	15,769,910
Dr. Frank Zurlino, Deputy Chair	10,000	10,000
Gerd Eickers	15,777,484	15,777,484
Ina Schlie	50,000	50,000
Matthias Galler	2,100	-
Martina Altheim	1,800	-
Total	**31,611,294**	**31,607,394**

As in the previous year, no loans or advances were granted to Supervisory Board members in the 2021 financial year.

Remuneration of former members of the Management Board and the Supervisory Board

Dr. Bernd Schlobohm, a former Management Board member, was granted a direct pension commitment for a retirement, occupational disability and widow's pension in 1997. At the balance sheet date on 31 December 2021, the obligation amounted to € 2,252k prior to the offsetting of reinsurance claims of € 2,366k. The actuarial present value of provisions for vested pension claims for one other former Management Board member amounts to € 99k.

Business relations with related companies

In 2021, q.beyond AG maintained business relations with QS Communications Verwaltungs Service GmbH, Cologne, a company in which members of the management and the Supervisory Board are shareholders and which counts as a related party pursuant to IAS 24. Persons and companies count as related parties if one of the parties has the possibility of controlling or exercising significant influence over the other party. All contracts with this company require approval by the Supervisory Board and are executed on terms customary to the market.
QS Communication Verwaltungs Service GmbH provides q.beyond with advisory services in its IoT business field.

€ 000s	Net revenues	Expenses	Payments received	Payments made
2021 financial year				
QS Communication Verwaltungs Service GmbH	-	185	-	220
2020 financial year				
QS Communication Verwaltungs Service GmbH	-	177	-	191

€ 000s	Receivables	Payables
31 December 2021		
QS Communication Verwaltungs Service GmbH	-	15
31 December 2020		
QS Communication Verwaltungs Service GmbH	-	33

Transactions with associates

aiXbrain GmbH. q.beyond has granted a subordinate loan of € 124k to aiXbrain GmbH with a fixed term until 30 November 2023. Based on the company's planning, this loan is no longer expected to be repaid, as a result of which it has been written down in full.

snabble GmbH. q.beyond has the option of acquiring a further 24.7% of the shares in this company in 2023. The purchase price is calculated by multiplying the company's relevant revenues by a factor of 4.2, but must amount to at least € 18 million.
Moreover, the option of acquiring further shares in the company in 2025 was also granted. This is structured such that, upon completion of this additional acquisition, q.beyond AG would hold 74.9% of the shares. q.beyond AG is obliged to exercise this option if specified financial thresholds are reached and the first option has been exercised. The purchase price is based on achievement of the financial thresholds.

cargonerds GmbH. Röhlig Logistics GmbH & Co. KG has granted q.beyond AG the option, valid for a limited period of three months starting on the date on which the audited annual financial statements of cargonerds GmbH as of 31 December 2024 are adopted, of acquiring a further 5,975 shares (23.9%) in that company. This acquisition is conditional on the contractually determined EBITDA for the 2024 financial year being exceeded. The purchase price for these shares, if acquired, amounts to € 1,700k. Furthermore, Röhlig Logistics GmbH & Co. KG has granted q.beyond AG the right to acquire 0.1% of the shares at their corresponding market value if the aforementioned 5,975 shares are previously acquired.
q.beyond AG has also granted Röhlig Logistics GmbH & Co. KG the right, valid for a limited period of three months starting on the date on which the audited annual financial statements of cargonerds GmbH as of 31 December 2024 are adopted, of acquiring all the shares held by q.beyond AG in that company at a purchase price of € 1,700k. However, this right may only be exercised if a specified key balance sheet figure in the annual financial statements of cargonerds GmbH as of 31 December 2024 exceeds a contractually agreed value.

38 Deferred and current taxes

q.beyond used an aggregate tax rate of 32.61% to calculate deferred taxes (2020: 32.66%). The deferred tax assets and liabilities recognised as of the balance sheet date relate to the following balance sheet line items and loss carryovers:

€ 000s	Assets	Liabilities	Assets	Liabilities	Consolidated income statement		
					through profit or loss	through OCI	through profit or loss
	2021	2021	2020	2020	2021	2021	2020
Deferred tax assets and liabilities							
Intangible assets	-	1,329	-	3,400	1,749	322	1,892
Property, plant and equipment	583	4,017	879	5,343	1,029	-	537
Other assets	540	-	639	-	(99)	-	-
Other receivables	-	369	-	898	529	-	368
Inventories	9	-	15	-	(6)	-	15
Pension provisions and other provisions	501	-	859	-	(10)	(348)	(253)
Other liabilities	4,144	-	6,020	-	(1,876)	-	(996)
Total deferred taxes on temporary differences	**5,777**	**5,715**	**8,412**	**9,641**	**1,316**		**1,563**
Changes in write-downs of deferred taxes due to deconsolidation	**-**	**-**	**-**	**-**	**(1,229)**		
Total deferred taxes on loss carryovers	**15**	**-**	**1,229**	**-**	**(1,214)**		**(1,718)**
Total deferred taxes before netting	**5,792**	**5,715**	**9,641**	**9,641**			
Netting	5,715	5,715	9,641	9,641			
Total deferred taxes	**77**	**-**	**-**	**-**			

The temporary differences in connection with interests in subsidiaries for which no deferred tax liabilities are recognised amounted to € 155k in the 2021 financial year (2020: € 172k).
Pursuant to IAS 12.39, however, this liability has not been recognised as q.beyond controls the dividend policies of its subsidiaries and can control reversal of the temporary differences.
The following table presents the reconciliation of the expected income tax expenses to the actual income tax expenses. The expected income tax expenses are calculated by multiplying earnings before taxes by q.beyond's tax rate.

€ 000s	2021	2020
Reconciliation		
Net income before income taxes	**14,638**	**(19,277)**
Tax rate	32.61%	32.66%
Expected tax expenses	4,774	(6,296)
Tax effects of		
Changes in write-downs of deferred taxes on loss carryovers		
and temporary differences	(2,462)	6,772
Non-deductible operating expenses	174	167
Taxable gains arising upon contribution of assets	4,273	-
Tax-exempt income	(2,226)	-
Non-period income/expenses	85	-
Changes in tax rates	-	4
Other items	175	(27)
Reconciled tax expenses	**4,793**	**620**

Reconciled tax expenses consist of an amount of € 3,666k recognised for current tax income expenses (2020: € 465k) and deferred tax expenses of € 1,127k (2020: € 155k). In the 2021 financial year, tax income of € 348k was recognised directly in other reserves in connection with actuarial losses (2020: tax expenses of € 155k).

As of 31 December 2021, corporate income tax loss carryovers at q.beyond AG came to € 390 million (2020: € 403 million) while trade tax loss carryovers totalled € 375 million (2020: € 388 million).

No deferred taxes have been recognised for corporate income tax loss carryovers of € 386 million (2020: € 400 million) and trade tax loss carryovers of € 371 million (2020: € 384 million), both of which may be carried forward for unlimited periods, as it is unlikely that these items can be offset against positive taxable income.

39 Legal disputes

EnBW Telekommunikation GmbH, Karlsruhe, initiated legal proceedings against q.beyond by filing a petition for arbitration dated 13 January 2021. In connection with the sale of Plusnet GmbH to EnBW Telekommunikation GmbH, the plaintiff demands that q.beyond should correct its income tax returns for 2017. The arbitration court sat on 12 and 13 November 2021 and is expected to announce its verdict in the 2nd quarter of 2022. q.beyond AG believes that the proceedings have low prospects of success. There are no other court or arbitration proceedings in which q.beyond AG or any of its group subsidiaries are involved which could have a material impact on their economic positions.

40 Objectives and methods used in financial risk management and capital management

In connection with its business activities, q.beyond is exposed to a number of financial risks that are intrinsically linked with entrepreneurial activity. q.beyond combats these risks with a comprehensive risk management system, which is an integral component of its business processes and corporate decisions. The key elements of this system are a Group-wide planning and controlling process, Group-wide policies and reporting systems, as well as Group-wide risk reporting.
The Management Board lays down the principles of the company's financial policies annually and monitors these within the risk management system. Further information about risk management can be found in the Group Management Report.
Financial liabilities mainly comprise trade payables and lease liabilities. The main purpose of these financial liabilities is to finance the company's operating activities. The main purpose of these financial liabilities is to finance the company's operating activities. Financial assets directly resulting from business activities relate in particular to trade receivables and cash and cash equivalents. No derivatives were traded in the 2021 financial year.
The main risks to which q.beyond is exposed due to its use of financial instruments include credit risk and liquidity risks. Since no material transactions are executed in foreign currencies, there are no material foreign currency risks. There were no material risk clusters in the past financial year. The strategies and procedures used to manage these risks are presented below.

Credit risk. q.beyond is exposed to the risk of payment defaults on the part of its customers. The company makes efforts to ensure that it only enters into business dealings with creditworthy customers and thus attempts to exclude this risk from the outset. To this end, creditworthiness checks are performed before the respective contract is concluded. Once business relations have been initiated, receivables balances are monitored to reduce potential default risks.
Maximum default risks are limited to the carrying amounts of the receivables disclosed in Note 18. q.beyond expects non-impaired receivables to be collectible.

Liquidity risks. q.beyond monitors its risk of a liquidity shortfall with monthly liquidity planning. This accounts for the terms of available financial assets and the expected cash flows from operating activities. As of the respective balance sheet date, q.beyond's current and non-current financial liabilities had the following maturities. These disclosures are based on the expected undiscounted payments.

€ 000s	Carrying amount	Due by end of 2022	Due by end of 2023	Due by end of 2024	Due by end of 2025	Due by end of 2026	Total
Lease liabilities							
Trade payables	13,673	9,665	2,066	1,118	755	129	13,733
Contractual liabilities	12,242	11,117	375	375	375	-	12,242
Other current and non-current	74	74	-	-	-	-	74
financial liabilities	4,113	4,113	-	-	-	-	4,113
Other financial liabilities	2,376	6	1,131	502	3	734	2,376
At 31 December 2021	**32,478**	**24,975**	**3,571**	**1,995**	**1,133**	**863**	**32,538**

€ 000s	Carrying amount	Due by end of 2021	Due by end of 2022	Due by end of 2023	Due by end of 2024	Due by end of 2025	Due after 2025	Total
Lease liabilities								
Trade payables	17,868	5,712	5,052	2,559	2,217	2,150	1,001	18,691*
Contractual liabilities	10,392	10,392	-	-	-	-	-	10,392
Other current and non-current	670	670	-	-	-	-	-	670
financial liabilities	1,356	710	636	3	3	4	-	1,356
At 31 December 2020	**30,286**	**17,484**	**5,688**	**2,562**	**2,220**	**2,154**	**1,001**	**31,109**

* Figure corrected.

41 Financial instruments

Disclosures on the balance sheet. Given that the carrying amounts largely correspond to fair values, no separate disclosures have been made on the respective fair values.

€ 000s	Carrying amount	Amortised cost	Fair value – in equity	Fair value – hedging instruments	Fair value – through profit or loss
31 December 2021					
Assets not measured at fair value					
Cash and cash equivalents	56,700	x			
Receivables from finance leases	1,099	x			
Current trade receivables	35,424	x			
Liabilities not measured at fair value					
Trade payables and other liabilities	16,355	x			
Contract liabilities	74	x			
Lease liabilities	13,673	x			
Other financial liabilities	515	x			
Liabilities measured at fair value					
Other financial liabilities	1,861				x

€ 000s	Carrying amount	Amortised cost	Fair value – in equity	Fair value – hedging instruments	Fair value – through profit or loss
31 December 2020					
Assets not measured at fair value					
Cash and cash equivalents	44,925	x			
Receivables from finance leases	2,313	x			
Current trade receivables	37,064	x			
Liabilities not measured at fair value					
Trade payables and other liabilities	11,727	x			
Contract liabilities	670	x			
Lease liabilities	17,868	x			
Other financial liabilities	21	x			

Fair value disclosures for instruments with recurring measurement. At the end of each reporting period, q.beyond AG ascertains whether any reclassifications are required between the levels of the measurement hierarchy. No reclassifications were made in the reporting period from 1 January 2021 to 31 December 2021.

Disclosures on the consolidated income statement. The following interest income and expenses and the following net gains and losses on financial instruments are included in the consolidated income statement.

€ 000s	Interest income/interest expenses	Fair value change	Impairments	Payments received on retired receivables	Net result 2021	Net result 2020
Assets valued at amortised cost	25	-	259	27	**311**	(72)
Liabilities valued at amortised cost	(265)	-	-	-	**(265)**	(401)

€ 000s	Interest income/interest expenses	Fair value change	Impairments	Payments received on retired receivables	Net result 2020	Net result 2019
Assets valued at amortised cost	37	-	(372)	263	**(72)**	(150)
Liabilities valued at amortised cost	(401)	-	-	-	**(401)**	(5,411)
Fair value – hedging instruments	-	-	-	-	**-**	(472)

42 Declaration pursuant to § 161 AktG regarding compliance with the German Corporate Governance Code

The Management and Supervisory Boards of q.beyond AG submitted their most recent declaration pursuant to § 161 of the German Stock Corporation Act (AktG) on 20 December 2021 and made this available on the company's website at **www.qbeyond.de/en/investor-relations/corporate-governance**. The company will post any future amendments to provisions relevant for compliance with the German Corporate Governance Code on its website without delay.

43 Auditor's fees

The total fee for the 2021 financial year calculated by the auditor duly elected and commissioned, Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, amounts to € 205k, of which € 181k for the audit of the financial statements and € 24k for other certification services. Other certification services relate above all to the voluntary auditing of interim financial statements.
The auditor elected and commissioned for the previous year, KPMG AG Wirtschaftsprüfungsgesellschaft, still charged fees totalling € 34k in the 2021 financial year, of which € 18k for auditing services and € 16k for other certification services.

44 Risks

Risks are presented in detail in the Risk Report within the Group Management Report.

45 Directors and officers

Management Board. Jürgen Hermann was the sole member of the Management Board in the 2021 financial year.

Supervisory Board. The members of the Supervisory Board in the 2021 financial year were as follows:

Supervisory Board member	
Dr. Bernd Schlobohm	Businessman, Supervisory Board Chairman
Dr. Frank Zurlino	Managing Director at Horn & Company Performance & Restructuring GmbH, Düsseldorf, Germany, and Managing Director at neuland.digital GmbH, Düsseldorf, Germany; Deputy Supervisory Board Chairman
Ina Schlie	Businesswoman
Gerd Eickers	Independent Telecommunications Consultant
Matthias Galler	Senior IT Consultant, Chairman of the Works Council at q.beyond AG, Employee Representative
Martina Altheim	Head of Corporate Social Responsibility at q.beyond AG, Employee Representative

Dr. Frank Zurlino is also a member of the Advisory Board at M2Beauté Cosmetics GmbH, Cologne, Germany, and of the Advisory Board of hasenkamp Holding GmbH, Frechen, Germany.
Ina Schlie is a member of the Supervisory Board at Heidelberger Druckmaschinen AG, Heidelberg, Germany, and of the Supervisory Board of Deutschland – Land der Ideen e. V., Berlin, Germany. Furthermore, she has been a member of the Advisory Board of Rudolf Haufe Verlag GmbH & Co. KG, Freiburg, Germany, since 7 October 2021 and of the Administrative Board of Haufe Group SE, Freiburg, Germany, since 17 December 2021. Until 31 December 2021, she was also a member of the Advisory Board of Adolf Würth GmbH & Co. KG, Künzelsau, Germany.
Gerd Eickers is Chair of the Supervisory Board at Contentteam AG, Cologne, Germany.

46 Events after balance sheet date

Russia invaded Ukraine at the end of February 2022. The war has impaired the supply of energy and commodities to companies and households around the world and interrupted numerous supply chains. Upon the preparation of this report, the extent to which this situation will impact negatively on economic developments, and in particular on investment behaviour, in our core German market is still unclear. Were companies to postpone IT and digitalisation projects due to the deteriorating economic outlook, this could also adversely affect q.beyond's revenue and earnings performance. There are currently no indications of this, not least as the experience gained during the coronavirus pandemic means that many companies are according high priority to accelerating their digitalisation. q.beyond is monitoring further developments in Ukraine and their consequences for its business performance very closely.

Cologne, 22 March 2022

q.beyond AG
The Management Board

Jürgen Hermann

Statement of Responsibility

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

Cologne, 22 March 2022

q.beyond AG
The Management Board

Jürgen Hermann

Independent Auditor's Report

To q.beyond AG, Cologne

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of q.beyond AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of q.beyond AG for the financial year from 1 January to 31 December 2021. In accordance with German legal requirements we have not audited the content of those parts of the group management report listed in section "Other information".

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, and

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

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). [Where compliance with ISAs is also relevant add: We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs).] Our responsibilities under those requirements and principles [in case of supplementary compliance with the ISAs, replace this with: requirements, principles and standards] are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our [audit] opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our [audit] opinion thereon, we do not provide a separate audit opinion on these matters.

Recoverability of goodwill

Related information in the consolidated financial statements

For the accounting and valuation methods used, we refer to the information provided by the company in the notes to the consolidated financial statements under note number 4. The assumptions on which the valuation is based are presented in the notes to the consolidated financial statements under note number 15.

Facts and risk for the audit

In the consolidated balance sheet of q.beyond AG, goodwill is reported in the amount of EUR 30.0 million. This corresponds to 15% of the balance sheet total.

Goodwill is tested for impairment annually at the level of the "Cloud & IoT" and "SAP" business segments, which have not changed compared to the previous year. To do this, the book value is compared with the recoverable amount. If the book value is above the recoverable amount, there is a need for depreciation. The company uses the value in use to test the goodwill. The reference date for performing the impairment test was December 31, 2021.

In the 2021 financial year, goodwill of €3.6 million was disposed of as a result of the sale of the colocation business. The acquisition of three companies resulted in new goodwill totaling €12.6 million, which was fully allocated to the Cloud & IoT segment.

Goodwill impairment testing is complex and relies on a number of judgmental assumptions. These include, among other things, the allocation of the newly acquired goodwill to the business segments, the correct determination of goodwill that has been disposed of, the expected business and earnings development of the business segments for the next three years, the assumed long-term growth rates and the interest rate used for discounting purposes.

There is a risk for the financial statements that an impairment existing as of the balance sheet date is not recognized and that the related disclosures in the notes are not appropriate.

Audit approach and findings

With the involvement of our valuation specialists, we assessed the appropriateness of the key assumptions and the company's calculation method for determining the goodwill that was disposed of and the newly acquired goodwill, as well as for the impairment tests. To this end, we discussed the expected business and earnings development and the assumed long-term growth rates with those responsible for operational planning.

Since q.beyond was supported by an external expert in carrying out the impairment tests, we were also able to convince ourselves of the expert's competence and objectivity and gain an understanding of the nature of his work.

Based on the valuation model used by q.beyond, we assessed the methodological approach and mathematical accuracy of the impairment tests. In addition, we reconciled the numbers used for the impairment tests with the budget drawn up by the Management and approved by the Supervisory Board.

In addition, we satisfied ourselves of the company's previous forecast quality by comparing the previous year's planning with the results actually achieved and analyzing deviations. We compared the expert's assumptions and data underlying the segment-specific discount rates, in particular the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

In order to take into account the existing forecast uncertainty, we examined possible changes in key assumptions relevant to the valuation of the value in use as part of sensitivity analyzes by calculating alternative scenarios and comparing them with the values determined by the company.

Finally, we assessed whether the disclosures in the notes on the recoverability of goodwill are appropriate. This also included the assessment of the appropriateness of the disclosures in accordance with IAS 36.134(f) on sensitivities in the event of a possible change in the key assumptions underlying the measurement.

The value of the goodwill disposed of and newly acquired in the 2021 financial year was correctly determined. The allocation of the newly acquired goodwill to the business segments was also correct.

The calculation method underlying the impairment test of goodwill is appropriate and consistent with the applicable valuation principles.

The company's assumptions and data on which the valuation is based are within acceptable ranges and are balanced overall.

The information provided in connection with goodwill is appropriate.

Revenue recognition

Related information in the consolidated financial statements

For the accounting and valuation methods used, we refer to the information provided by the company in the notes to the consolidated financial statements under note number 4.

Facts and risk for the audit

Group sales amounted to €155.2 million in the 2021 financial year.

q.beyond AG and its subsidiaries recognize revenue when they fulfill a performance obligation by transferring a promised service or good to a customer. An asset is deemed to have been transferred when the customer obtains control of the asset. In accordance with the transfer of control, revenues are to be recognized according to the provisions of IFRS 15 either at a point in time or over a period of time with the amount to which q.beyond AG is expected to be entitled.

In principle, the companies of q.beyond group fulfill the performance obligation and recognize the revenue over a certain period of time if the criterion is met that the customer benefits from the group's service and at the same time uses the service while it is being provided.

Various contractual agreements are made with customers, some of which contain complex regulations. Due to these complex regulations and the scope for discretion when assessing the point in time at which control is transferred to the customer, there is a risk for the financial statements that revenues will not be deferred in the correct amount as of the balance sheet date.

Audit approach and findings

On the basis of the process understanding we have obtained, we have assessed the design, establishment and functionality of identified internal controls, in particular with regard to the correct allocation of revenues to the appropriate accounting period.

In addition, as part of our audit, we assessed the legal representatives' interpretation of the criteria for revenue recognition over time, taking into account the requirements of IFRS 15 and the corresponding group accounting guideline.

Based on the requirements of IFRS 15 and the group accounting guideline, we examined risk-oriented selected contracts to determine whether revenue recognition was carried out in accordance with the aforementioned regulations.

In addition, we obtained confirmations for trade accounts receivable that had not yet been settled as of the balance sheet date, which were selected on the basis of risk. We carried out alternative audit procedures for the missing feedback from the balance confirmation campaign by reconciling the sales revenues with the underlying invoices, acceptance protocols or the payments received, among other things.

q.beyond AG's approach to the accrual of revenue is in line with the provisions of IFRS 15.

Other Information

The legal representatives or the supervisory board are responsible for the other information. The other information includes the following non-audited parts of the group management report:

- the declaration on corporate governance in accordance with § 289f and § 315d HGB, to which reference is made in the group management report, as well as
- the separate non-financial report in accordance with Section 289b (3) and Section 315b (3) HGB, which is expected to be made available to us after the date of this auditor's report, to which reference is made in the group management report.

The other information also includes:

- the insurances according to § 297 paragraph 2 sentence 4 and § 315 paragraph 1 sentence 5 HGB for the consolidated financial statements and group management report
- the remuneration report pursuant to Section 162 AktG, which is referred to in the group management report,
- the report of the supervisory board as well as
- the remaining parts of the annual report – without further cross-references to external information – with the exception of the audited consolidated financial statements and group management report and our auditor's report.

The legal representatives and the Supervisory Board are jointly responsible for the remuneration report. The supervisory board is responsible for the report of the supervisory board. Otherwise, the legal representatives are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, we have a responsibility to read the other information and, in doing so, to evaluate whether the other information

- exhibit material discrepancies with the consolidated financial statements, the group management report or our knowledge obtained in the audit, or
- otherwise appear materially misrepresented.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our [audit] opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) [and supplementary compliance with the ISAs] will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our [audit] opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an [audit] opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective [audit] opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express [audit] opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our [audit] opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate [audit] opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Statutory and Other Legal Requirements

Note on the audit of the electronic reproductions of the consolidated financial statements and the group management report prepared for disclosure purposes in accordance with Section 317 Para. 3a HGB

Audit opinion

In accordance with Section 317 (3a) HGB, we have carried out an audit with reasonable assurance as to whether the reproductions of the consolidated financial statements and the group management report contained in file 529900DGVITE7A2L5G12-2021-12-3 (MD5 hash value: a3871395da16931d8f144c-c56b606c8b) and prepared for disclosure purposes (hereinafter also referred to as „ESEF documents") comply with the requirements of § 328 Para. 1 HGB for the electronic report format („ESEF format") in all essential respects.

In accordance with German legal requirements, this audit only covers the conversion of the information in the consolidated financial statements and the group management report into the ESEF format and therefore neither the information contained in these reproductions nor any other information contained in the above-mentioned file.

In our opinion, the reproductions of the consolidated financial statements and the group management report contained in the above-mentioned file and prepared for disclosure purposes comply in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2021 contained in the above "Report on the audit of the consolidated financial statements and of the group management report", we do not issue any audit opinion on the in information contained in those reproductions, as well as the other information contained in the file referred to above.

Basis for the audit opinion

We have audited the reproductions of the consolidated financial statements and the group management report contained in the above-mentioned file in accordance with Section 317 Para. 3a HGB in compliance with the IDW auditing standard: Audit of the electronic reproductions of financial statements and management reports prepared for disclosure purposes in accordance with Section 317 Para. 3a HGB (IDW PS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibilities thereafter are further described in the section "Responsibility of the group auditor for the examination of the ESEF documents". Our auditing practice has applied the requirements for the quality assurance system of the IDW quality assurance standard: Requirements for quality assurance in auditing practice (IDW QS 1).

Responsibility of the legal representatives and the board of directors for the ESEF documents

The legal representatives of the company are responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the group management report in accordance with Section 328 Paragraph 1 Sentence 4 No. 1 HGB and for the presentation of the consolidated financial statements in accordance with Section 328 Paragraph 1 sentence 4 no. 2 HGB.

Furthermore, the legal representatives of the company are responsible for the internal controls that they consider necessary to enable the creation of the ESEF documents that are free of material – intentional or unintentional – violations of the requirements of § 328 para 1 HGB to the electronic reporting format.

The legal representatives are responsible for overseeing the preparation of the ESEF records as part of the accounting process.

Responsibility of the group auditor for the examination of the ESEF documents

Our objective is to obtain sufficient certainty as to whether the ESEF documents are free from material – intentional or unintentional – violations of the requirements of Section 328 (1) HGB. During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore

- We identify and assess the risks of significant – intentional or unintentional – violations of the requirements of Section 328 (1) HGB, plan and carry out audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to to serve as the basis for our audit opinion.
- We gain an understanding of the internal controls relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.
- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable on the reporting date for the technical specification for this file.
- We assess whether the ESEF documents enable an XHTML reproduction of the audited consolidated financial statements and the audited group management report with the same content.
- We assess whether the marking of the ESEF documents with inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 in the version applicable on the reporting date enables an appropriate and complete machine-readable XBRL Copy of the XHTML-reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 13 May 2021. We were engaged by the supervisory board on 6 July 2021. We have been the group auditor of q.beyond AG without interruption since the financial year 2021.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matters – Use of the Audit Opinion

Our auditor's report should always be read in connection with the audited consolidated financial statements and the audited group management report as well as the audited ESEF documents. The consolidated financial statements and group management report transferred to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited consolidated financial statements and the audited group management report and do not replace them. In particular, the ESEF note and our audit opinion contained therein can only be used in connection with the audited ESEF documents provided in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Martin Schulz-Danso.

Cologne, 22 March 2022

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Marcus Borchert
Wirtschaftsprüfer
[German Public Auditor]

Martin Schulz-Danso
Wirtschaftsprüfer
[German Public Auditor]

Calendar

Quarterly Figures
9 May 2022
8 August 2022
7 November 2022

Annual General Meeting
18 May 2022

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