



Quarterly Statement Q1 2021

At a Glance

Key figures

€ million	2020	2021
	01/01/ – 31/03/	01/01/ – 31/03/
Revenues	34.1	37.5
Cloud & IoT	23.3	26.3
SAP	10.8	11.2
EBITDA	(1.1)	0.7
Depreciation and amortisation ^{1,2}	4.2	4.1
EBIT	(5.3)	(3.4)
Consolidated net income (loss)	(5.5)	(3.5)
Earnings per share ³ (in €)	(0.04)	(0.03)
Capital expenditure ⁴	0.8	1.1
Free cash flow	(4.1)	(4.2)
Net liquidity	44.9 ⁶	40.4 ⁷
Shareholders' equity	136.6 ⁶	133.1 ⁷
Equity ratio (in %)	71.6 ⁶	74.3 ⁷
Xetra closing price ⁵ (in €)	1.00	1.89
Number of shares ⁵	124,172,487	124,509,487
Market capitalisation ⁵	124.2	235.3
Number of employees ⁵	860	955

¹ Including non-cash 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 March.

⁶ As of 31 December 2020.

⁷ As of 31 March 2021.

q.beyond posts further strong and profitable growth in first quarter of 2021. This significant increase in EBITDA underlines how scalable the business model is.

Revenues in € million



EBITDA in € million



Q1 2021 at a Glance

Business Performance

Further double-digit revenue growth

q.beyond upheld its strong and profitable growth in the first quarter of 2021. Revenues grew year-on-year by 10% to € 37.5 million. EBITDA improved to € 0.7 million, up from € -1.1 million in the first quarter of 2020. As planned, the free cash flow of € -4.2 million was virtually at the previous year's level.

This further double-digit revenue growth, generated against the backdrop of the pandemic, was driven by further consistent implementation of the company's "2020plus" growth strategy. This chiefly aims to sustainably increase the company value, defined as market capitalisation less net liquidity. In the first quarter of 2021, the company value grew by 19% to € 194.9 million. Compared with 31 March 2020, this key figure even rose three times over.

Our growth strategy has as its centrepiece an attractive core business with a high share of recurring revenues. These accounted for 76% of total revenues in the first quarter of 2021. We focus on digitalisation and on developing and implementing forward-looking business models in the three focus sectors of retail, manufacturing and energy. These contributed 68% of revenues in the past quarter. Companies from these sectors also made a key contribution to the new orders of € 28.8 million received in the first three months of this year, 83% of which involved orders from new customers or orders for new services from existing customers.

Award for StoreButler

Further core elements of q.beyond's growth strategy include platform-based innovations and further investments in the future. This way, we are laying strong foundations to generate consistently strong and profitable growth beyond 2021. The first quarter of 2021 witnessed the marketing launch of the StoreButler, an internally developed platform for digitalising retail outlets. In recognition of this one-stop cloud and IoT technology solution, in March 2021 the prestigious EHI Retail Institute singled us out for this year's "reta award" for the best technology supplier to the retail sector. Together with our customer Fressnapf, we were awarded the prize in the "Best Enterprise Solution" category.

New partners in retail and for cybersecurity

Another factor that is contributing to the success of the "2020plus" growth strategy is active partner management, which also creates new connections for our platform-based innovations. Since the beginning of 2021, we have been cooperating with the consultancy CAS to promote the introduction of SAP S/4HANA in the retail sector. In future, CAS will be supplementing our own extensive retail and SAP know-how with its expertise in the omni-channel platform SAP CAR, a core element for enhancing customers' shopping experience across all channels.

Since February, our partners have also included the security specialist Northwave. This partnership aims to provide medium-sized companies with proven mechanisms for defending against potential cyber-attacks. q.beyond already provides a wide range of services in this area and is now supplementing these with expertise from Northwave.

Earnings Performance

Gross profit rises by 25%

Our business model is disproportionately scalable. That is apparent if the development in revenues and cost of revenues in the first quarter 2021 is compared with the previous year's figures. While revenues rose by 10% to € 37.5 million, the corresponding costs rose just 7% to € 30.6 million. As a result, gross profit increased by 25% to € 6.9 million and the gross margin rose by 2 percentage points to 18%.

At € 2.7 million, the sales and marketing expenses reported for the first quarter of 2021 fell short of the previous year's figure of € 3.3 million. General and administrative expenses amounted to € 4.0 million in the past quarter, as against € 3.8 million in the previous year's period.

EBITDA sustainably positive

First-quarter EBITDA rose from € -1.1 million in the previous year to € 0.7 million in 2021. As planned, since the fourth quarter of 2020 q.beyond has generated sustainably positive operating earnings before depreciation and amortisation. At € 4.1 million in the first quarter of 2021, depreciation and amortisation were slightly lower than the previous year's figure of € 4.2 million. Of this total, an amount of € 1.2 million involved the depreciation of IFRS 16 lease liabilities.

First-quarter EBIT improved year-on-year to € -3.4 million, up € 1.9 million on the figure of € -5.3 million reported for the first quarter of 2020. Consolidated net income stood at € -3.5 million, as against € -5.5 million in the previous year's period.

Earnings Performance by Segment

Cloud & IoT business grows by 13%

The persistently high demand for cloud solutions enabled the Cloud & IoT segment to generate disproportionate growth in the first quarter of 2021, in which revenues rose year-on-year by 13% to 26.3 million. Among other factors, q.beyond benefited here from its expertise in setting up and operating digital workplaces. Ever more companies are making preparations for their employees to work at least partly from home even once the pandemic is over.

This revenue growth was accompanied once again in the first quarter of 2021 by rising earnings contributions: gross profit improved to € 4.7 million, up from € 4.2 million in the previous year's quarter. The segment contribution rose to € 2.6 million, compared with € 2.0 million one year earlier. The segment margin improved by 1 percentage point to 10%.

SAP margin rises to 13%

The SAP business has been affected more closely by the ongoing restrictions on contact due to the pandemic than has the Cloud & IoT business. The SAP segment nevertheless managed to increase its first-quarter revenues to € 11.2 million, up from € 10.8 million in the previous year's period, with particularly great demand for our expertise in SAP operations and application management and in SAP S/4HANA migration. By offering a "Transformation Launchpad", we are making it easier for our customers to introduce the new SAP software generation in future. This new tool, which has been internally developed, accelerates the migration to SAP S/4HANA by up to 30%.

Despite rising revenues, expenses in the SAP segment showed a marked reduction in the first quarter of 2021. There are two reasons for this: firstly, the measures taken in the past year to enhance efficiency are taking effect. Secondly, the ongoing restrictions on contact had the effect of reducing travel costs. Against this backdrop, gross profit rose by almost 70% to € 2.2 million. The segment contribution rose several times over to € 1.5 million, up from € 0.2 million in the first quarter of 2020. The segment margin increased year-on-year from 2% to 13%.

Financial and Net Asset Position

Net liquidity of € 40.4 million

Our company is still free of debt and finances its operations from liquid funds. As of 31 March 2021, we had net liquidity of € 40.4 million, compared with € 44.9 million at 31 December 2020.

At q.beyond, the free cash flow traditionally corresponds to the change in net liquidity less payments for acquisitions and distributions in the period under report. The second purchase price tranche for the complete takeover of Incloud, amounting to € 0.3 million, was incurred in the first quarter of 2021. This produces a free cash flow of € -4.2 million for the first quarter, as against € -4.1 million in the previous year's period. In comparing these figures, it should be noted that the free cash flow for the first quarter of 2021 already includes total variable remuneration for the past financial year. In the past, variable remuneration was paid in two tranches, namely in February and August.

Capital expenditure remains moderate

Excluding IFRS 16 items, capital expenditure amounted to € 1.1 million in the first quarter of 2021, as against € 0.8 million in the previous year, and was channelled in particular into technical equipment at the data centres.

Given the low volume of capital expenditure and accounting for depreciation and amortisation, the non-current assets stated in the consolidated balance sheet as of 31 March 2021 decreased to € 98.8 million, compared with € 102.1 million at the end of 2020. Current assets fell to € 80.3 million, as against € 88.8 million as of 31 December 2020. This reduction mainly resulted from the change in cash and cash equivalents, as well as from a € 5.7 million decrease in trade receivables to € 31.4 million.

Equity ratio rises to 74%

Due to the negative consolidated net income, equity stood at € 133.1 million as of 31 March 2021, compared with € 136.6 million at the balance sheet date at the end of 2020. As total assets were lower at the end of March than at the end of 2020, however, the equity ratio rose by 2 percentage points to 74%.

The non-current liabilities of € 18.2 million (31 December 2020: € 19.3 million) still mainly comprised IFRS 16 lease liabilities and pension provisions. Current liabilities fell to € 27.8 million, compared with € 35.0 million at the end of 2020. This decrease was largely due to the reduction in trade payables and other liabilities to € 14.4 million, down from € 22.4 million as of 31 December 2020.

Events after the Balance Sheet

q.beyond taps into logistics market and wins major customer

Since the beginning of May, q.beyond has tapped into another market shaped by medium-sized players, in this case logistics. The target group is Germany's total of almost 15,000 small and medium-sized logistics companies, to which we will make available turnkey IT services such as fully equipped digital workplaces. All activities in logistics will be pooled in a separate company that will cover the full portfolio of services expected of an IT service provider to this sector.

In the Bremen-based company Röhlig Logistics, we have a major customer in this area from the outset. The contract has a five-year term and a mid double-digit million-euro volume. Together with Röhlig, we will also press ahead with developing platform-based innovations for logistics.

Outlook

Revenues budgeted to rise to between € 160 million and € 170 million

Following the strong start to the year, we can confirm our full-year outlook for 2021. We expect double-digit percentage revenue growth to between € 160 million and € 170 million, a significant improvement in EBITDA to between € 5 million and

€ 10 million and free cash flow of between € -10 million and € -5 million. Our company plans to generate sustainably positive free cash flow from the fourth quarter of 2021.

In our planning, we originally assumed that economic activity in Germany would begin to normalise from the second quarter of 2021 onwards. We now expect that, depending on the success of the vaccination campaign, this will be the case from the third quarter of 2021. We therefore expect a strong second half of the year. Furthermore, the pace of digitalisation in the SME segment will accelerate yet further in the wake of the coronavirus crisis.

Very well financed for organic and external growth

Against this backdrop, we will press further ahead with consistently implementing our "2020plus" growth strategy. This will continue to focus on expanding the attractive core business, strengthening and extending our sector focus, platform-based innovations and ongoing investments in our future. These also include targeted acquisitions, which will enable us to expand our portfolio of products and services, extend our technological expertise and boost our sector focus.

With liquid funds of € 40.4 million and no debt as of 31 March 2021, our company is very well financed for its planned internal and external growth. The potential sale of the colocation business would further increase our financial leeway.

Outlook confirmed for 2021: q.beyond intends to generate further strong growth and significantly improve its EBITDA and free cash flow.

EBITDA

of € 5 million to € 10 million
expected for current financial year

Free cash flow

of € -10 million to € -5 million
budgeted for full financial year –
sustainably positive from Q4 2021

Revenue forecast in € million



Further Information

About this quarterly statement

This document should be read in conjunction with the 2020 Annual Report, which can be found at www.qbeyond.de/en/ir-publications. Unless they are historic facts, all disclosures in this quarterly statement constitute forward-looking statements. These are based on current expectations and forecasts concerning future events and may therefore change over time.

About q.beyond AG

q.beyond AG is the key to successful digitalisation. We help our customers find the best digital solutions for their business and then put them into practice. Our strong team of 900 people accompanies SME customers securely and reliably throughout their digital journey. We are experts in Cloud, SAP and IoT.

q.beyond AG resulted from the rebranding of QSC AG in September 2020. With nationwide locations and its own certified data centres, it is one of Germany's leading IT service providers.

Interim Consolidated Financial Statements

Consolidated Statement of Income (unaudited)

€ 000s	2021 01/01/ – 31/03/	2020 01/01/ – 31/03/
Revenues	37,465	34,108
Cost of revenues	(30,613)	(28,573)
Gross profit	6,852	5,535
Sales and marketing expenses	(2,725)	(3,323)
General and administrative expenses	(4,007)	(3,773)
Depreciation and amortisation (including non-cash share-based compensation)	(4,107)	(4,176)
Other operating income	679	615
Other operating expenses	(56)	(180)
Operating earnings (EBIT)	(3,364)	(5,302)
Financial income	5	12
Financial expenses	(86)	(115)
Income from associates	(9)	(22)
Earnings before taxes	(3,454)	(5,427)
Income taxes	(37)	(42)
Consolidated net income	(3,491)	(5,469)
Earnings per share (basic) in €	(0.03)	(0.04)
Earnings per share (diluted) in €	(0.03)	(0.04)

Consolidated Balance Sheet

€ 000s	31/03/2021 (unaudited)	31/12/2020 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	27,369	28,252
Land and buildings	20,549	20,749
Goodwill	20,993	20,993
Right-of-use assets	14,877	15,826
Other intangible assets	11,667	12,382
Financial assets recognised at equity	154	163
Prepayments	1,477	1,664
Other non-current assets	1,762	2,061
Non-current assets	98,848	102,090
Current assets		
Trade receivables	31,361	37,064
Prepayments	5,441	3,214
Inventories	57	57
Other current assets	2,972	3,514
Cash and cash equivalents	40,445	44,925
Current assets	80,276	88,774
TOTAL ASSETS	179,124	190,864

Consolidated Balance Sheet

€ 000s	31/03/2021 (unaudited)	31/12/2020 (audited)
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Issued capital	124,509	124,472
Capital surplus	144,160	144,160
Other capital reserves	(2,466)	(2,466)
Accumulated deficit	(133,102)	(129,611)
Shareholders' equity	133,101	136,555
Liabilities		
Non-current liabilities		
Lease liabilities	11,424	12,408
Other financial liabilities	19	21
Accrued pensions	6,168	6,327
Other provisions	565	565
Non-current liabilities	18,176	19,321
Current liabilities		
Trade payables and other liabilities	14,397	22,436
Lease liabilities	5,304	5,460
Other financial liabilities	-	2
Other provisions	6,020	6,192
Accrued taxes	332	332
Deferred income	1,794	566
Current liabilities	27,847	34,988
Liabilities	46,023	54,309
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	179,124	190,864

Consolidated Statement of Cash Flows (unaudited)

€ 000s	2021 01/01 – 31/03/	2020 01/01 – 31/03/
Cash flow from operating activities		
Earnings before taxes	(3,454)	(5,427)
Depreciation and amortisation of non-current assets	2,878	2,988
Depreciation of right-of-use assets (IFRS 16)	1,249	1,216
Other non-cash income and expenses	(52)	432
Loss on disposals of assets	-	44
Income tax paid	(36)	(211)
Income tax received	-	11
Interest paid in connection with leases (IFRS 16)	(86)	(113)
Net financial expenses	81	103
Income from associates	9	22
Changes in provisions	(331)	(1,463)
Changes in trade receivables	5,736	(931)
Changes in trade payables	(2,096)	2,369
Changes in other assets and liabilities	(5,808)	(812)
Cash flow from operating activities	(1,910)	(1,772)
Cash flow from investing activities		
Purchase of intangible assets	(104)	(101)
Purchase of property, plant and equipment	(1,108)	(814)
Proceeds from sale of property, plant and equipment	28	-
Cash flow from investing activities	(1,184)	(915)
Cash flow from financing activities		
Repayment of convertible bonds	(2)	-
Proceeds from issue of shares	57	-
Interest paid	-	(3)
Repayments of lease liabilities	(1,441)	(1,405)
Cash flow from financing activities	(1,386)	(1,408)
Change in cash and cash equivalents	(4,480)	(4,095)
Cash and cash equivalents as of 1 January	44,925	66,031
Cash and cash equivalents as of 31 March	40,445	61,936

Segment Reporting (unaudited)

€ 000s	Cloud & IoT	SAP	Group
01/01/ – 31/03/2021			
Revenues	26,300	11,165	37,465
Cost of revenues	(21,603)	(9,010)	(30,613)
Gross profit	4,697	2,155	6,852
Sales and marketing expenses	(2,101)	(624)	(2,725)
Segment contribution	2,596	1,531	4,127
General and administrative expenses			(4,007)
Depreciation and amortisation (including non-cash share-based compensation)			(4,107)
Other operating income and expenses			623
Operating earnings (EBIT)			(3,364)
Financial income			5
Financial expenses			(86)
Income from associates			(9)
Earnings before taxes			(3,454)
Income taxes			(37)
Consolidated net income			(3,491)

€ 000s	Cloud & IoT	SAP	Group
01/01/ – 31/03/2020			
Revenues	23,282	10,826	34,108
Cost of revenues	(19,095)	(9,478)	(28,573)
Gross profit	4,187	1,348	5,535
Sales and marketing expenses	(2,138)	(1,185)	(3,323)
Segment contribution	2,049	163	2,212
General and administrative expenses			(3,773)
Depreciation and amortisation (including non-cash share-based compensation)			(4,176)
Other operating income and expenses			435
Operating earnings (EBIT)			(5,302)
Financial income			12
Financial expenses			(115)
Income from associates			(22)
Earnings before taxes			(5,427)
Income taxes			(42)
Consolidated net income			(5,469)



expect the next

Calendar

Annual General Meeting
12 May 2021

Half-Year Financial Report 2021
9 August 2021

Quarterly Statement Q3 2021
8 November 2021

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