q.beyond
expect the next

# Half-Year Financial Report as of 30 June 2021

# At a Glance

**Key figures**

| € million | 2021 01/04/–30/06/ | 2020 01/04/–30/06/ | 2021 01/01/–30/06/ | 2020 01/01/–30/06/ |
|---|---|---|---|---|
| Revenues | 38.8 | 34.5 | 76.3 | 68.6 |
| Cloud & IoT | 28.6 | 24.0 | 54.9 | 47.3 |
| SAP | 10.2 | 10.5 | 21.4 | 21.3 |
| EBITDA | 1.2 | (0.8) | 2.0 | (1.9) |
| Depreciation and amortisation[1, 2] | 4.1 | 4.2 | 8.2 | 8.4 |
| EBIT | (2.9) | (5.0) | (6.3) | (10.3) |
| Consolidated net income | (3.4) | (5.1) | (6.9) | (10.6) |
| Earnings per share[3] (in €) | (0.03) | (0.04) | (0.06) | (0.08) |
| Capital expenditure[4] | 2.3 | 1.7 | 3.3 | 2.5 |
| Free cash flow | (3.6) | (3.5) | (7.8) | (7.6) |
| Net liquidity | | | 30.7[6] | 44.9[7] |
| Shareholders' equity | | | 129.8[6] | 136.6[7] |
| Equity ratio (in %) | | | 72.9[6] | 71.6[7] |
| Xetra closing price[5] (in €) | | | 1.91 | 1.35 |
| Number of shares[5] | | | 124,569,487 | 124,397,487 |
| Market capitalisation[5] | | | 237.9 | 167.9 |
| Number of employees | | | 1,016[6] | 936[7] |

[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 30 June.
[6] As of 30 June 2021.
[7] As of 31 December 2020.

## q.beyond accelerates growth in second quarter of 2021. Further significant increase in EBITDA shows how scalable our business model is.


# Group Interim Management Report

## Business Performance

### Sales growth accelerates

q.beyond maintained its strong and profitable growth in the second quarter of 2021, in which its revenues rose year-on-year by 12% to € 38.8 million. In the first quarter of 2021, the growth rate had still amounted to 10%. EBITDA improved to € 1.2 million, up from € -0.8 million in the second quarter of 2020. As planned, the free cash flow of € -3.6 million almost matched the previous year's figure. Thanks to its consistent high growth, our company is now listed among Germany's top 10 IT service providers in the prestigious Lünendonk ranking.

This pleasing operating performance, which is based on consistent implementation of our "2020plus" growth strategy, is one key factor driving the sustainable rise in the company's value. Measured as market capitalisation less net liquidity, this figure gradually rose by a further 6% to € 207 million in the second quarter of 2021. The company's value has almost doubled compared with the previous year.

### 77% of revenues are recurring

The "2020plus" growth strategy is proving its worth in an extremely challenging climate. The second quarter of 2021 continued to be affected by pandemic-related restrictions on contacts and by lockdowns. In this situation, the company particularly benefited from its traditionally high share of recurring revenues, which made up 77% of total revenues in the second quarter of 2021.

A further beneficial factor is the company's focus on digitalisation and on developing and implementing forward-looking business models in select focus sectors. Retail, manufacturing and energy industry customers accounted for 68% of revenues in the past quarter. These will be joined in future by a fourth focus sector, namely logistics.

### Successful start in focus sector of logistics

In Röhlig Logistics, q.beyond obtained its first customer and partner in this sector in May 2021 already. The contract has a five-year term and a volume in a medium double-digit million euro range. This owner-run international specialist in intercontinental sea freight, air freight and contract logistics commissioned our company to further advance its digital strategy. Alongside traditional IT operations, our tasks include supporting Röhlig in expanding its central CargoWise system and contract logistics system platform, as well as with SAP Finance topics and data analytics challenges. Together, both companies will also press ahead with developing platform-based innovations for the logistics sector.

q.beyond is pooling activities in its new focus sector at a standalone company, which offers the whole service portfolio of an IT service provider – from consulting services for the CargoWise logistics solutions and SAP BI/BW/Finance via all aspects of operating global cloud infrastructures and data integration services through to a global 24/7 helpdesk.

## New orders more than double

This major order from the logistics sector helped q.beyond to more than double its new orders year-on-year to € 87.5 million in the second quarter of 2021. Of these orders, 88% involved new customers or new services for existing customers. At the end of the first six months, new orders stood at € 116.3 million, corresponding to an increase of 67% on the previous year's figure of € 69.7 million.

**€ 116.3 million**

**record level of new orders**

## Acquisition of modern workplace specialist datac

Takeovers are an important aspect of the "2020plus" growth strategy. In the second quarter of 2021, our company acquired 100% of the shares in the Augsburg-based company datac Kommunikationssysteme GmbH. This specialist in modern workplaces and collaboration develops and currently supervises end-to-end solutions for the digitalised world of work for more than 700 SME customers. In this, it draws above all on Microsoft products such as Office 365 and Teams. In 2020, this fast-growing and sustainably profitable company generated revenues of around € 6.5 million.

By making this takeover, q.beyond is extending its existing expertise in digital workplaces. Not only that, with Augsburg it has gained an additional location in an economically attractive region and is further expanding its strong position in this highly dynamic market. In future, our customers will have access to more than 100 Microsoft specialists for collaboration and digital workplace solutions.

## datac takeover expands workforce

As of the takeover date, datac employed around 50 IT specialists at its two locations in Augsburg and Düsseldorf. These have now boosted q.beyond's team, which comprised a total of 1,016 employees as of 30 June 2021 (end of 2020: 936).

## Expansion of platform business

Our developers are continuing to press ahead with developing and expanding central digitalisation platforms for our focus sectors. With its "StoreButler" for retailers, q.beyond launched a store digitalisation platform onto the market at the beginning of 2021. This end-to-end solution draws on cloud and IoT technology and enables retailers to connect any number of terminals and sensors via edge devices, smoothly integrates third-party IT applications and thus creates a uniform IT infrastructure for all digital solutions. A corresponding solution for manufacturers is currently being tested.

The work performed on these and other innovations requires a suitable budget for research and development (R&D). R&D spending totalled € 4.2 million in the first half of 2021, equivalent to nearly two thirds of total spending on R&D in the previous year.

# Business Framework

## Strong growth in second half of year

In the first half of 2021, economic developments in Germany were still significantly affected by the coronavirus pandemic. Given the progress made with the vaccination campaign, this can now be expected to change. The Federal Government expects the domestic economy to show a significant recovery in the second half of 2021 and has forecast GDP growth of 3.5% for the year as a whole[1].

Business confidence has already improved sustainably, with the ifo Business Climate Index passing the 100-point mark once again for the first time in two years in June 2021. The companies surveyed view both their current situations and their future prospects far more positively than just a few months ago[2]. Optimism is also rife in the digital sector, with the Bitkom-ifo Digital Index now higher than before the onset of the coronavirus pandemic[3]. According to the Bitkom sector association, the pandemic had boosted digitalisation in numerous sectors. The association expected additional momentum matched by corresponding investments once the upturn proves sustainable. Our company also stands to benefit from this development and therefore expects a strong second half of 2021.

## Cloud prevails across the board

As this upturn gets underway, our decision to focus on the cloud business at an early stage is now particularly paying off. Based on the results of KPMG's latest Cloud Monitor[4], 82% of companies now use the cloud, with a further 15% planning or discussing its use. The realisation that cloud computing can make a great or even very great contribution to the ongoing process of digitalisation has become firmly established across all sectors.

Having said that, many SMEs are still hesitant when it comes to any consistent cloud transformation. According to the above survey, most are adopting a "cloud-too" strategy or have even done without any such strategy at all to date. Of those companies with more than 2,000 employees, however, more than 80% have adopted "cloud-first" or even "cloud-only" strategies, in which all applications are migrated. The more the IT infrastructures currently in place at SMEs begin to reach their limits as digitalisation advances, the more open to transformation these companies will become. This process will generate manifold growth opportunities for our company in the years ahead.

# Earnings Performance

## Gross profit rises by 50%

Our business model is disproportionately scalable. Like in the first quarter of 2021 already, this is particularly apparent if the development in revenues and cost of revenues is compared with the previous year's figures. While revenues in the second quarter of 2021 rose by 12% to € 38.8 million, the related costs increased by just 5% to € 30.7 million. As a result, gross profit grew by 50% to € 8.1 million and the gross margin rose by 5 percentage points to 21%.

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[1] Press release issued by the Federal Ministry for Economic Affair and Energy on 27 April 2021.
[2] Ifo Institut, "ifo Business Climate Germany – 24.06.2021", https://www.ifo.de/en/node/63824.
[3] Press release issued by Bitkom on 4 May 2021.
[4] KPMG Cloud Monitor 2021, https://home.kpmg/de/de/home/themen/2021/06/cloud-computing-im-hoehenflug.html.

Comparison of the half-year figures reveals a similar picture. Revenues for the first six months of this year rose year-on-year by 11% to € 76.3 million, while cost of revenues increased by 6% to € 61.3 million. This led gross profit for the first half of 2021 to surge by 38% to € 15.0 million.

## Stable cost base in sales and administration departments

This scalability is amplified by a further factor. Our company is able to generate rising revenues while keeping its sales, marketing, general and administrative expenses more or less stable. In the second quarter of 2021, sales and marketing expenses totalled € 3.0 million, as against € 2.9 million in the previous year's period. General and administrative expenses decreased to € 3.8 million, down from € 3.9 million in the second quarter of 2020.

## EBITDA with disproportionate growth

Our stable cost base means that rising revenues result in disproportionate earnings growth. In the second quarter of 2021, our company generated EBITDA of € 1.2 million, compared with € -0.8 million in the previous year's period. Based on year-on-year revenue growth of € 4.3 million, EBITDA improved by € 2.0 million, corresponding to a marginal return of well over 40%. At the end of the first six months, this key operating earnings figure before depreciation and amortisation stood at € 2.0 million, as against € -1.9 million in the previous year's period.

**Thanks to stable cost base, rising revenues lead to disproportionate earnings growth.**

At € 4.1 million, depreciation and amortisation were slightly lower in the second quarter of 2021 than the previous year's figure of € 4.2 million. Of this sum, € 1.2 million related to IFRS 16 lease liabilities. This led to EBIT of € -2.9 million in the second quarter of 2021, compared with € -5.0 million in the previous year. Net of the financial result and taxes on income, consolidated net income stood at € -3.4 million, as against € -5.1 million in the second quarter of 2020. Consistent with expectations, consolidated net income for the six-month period improved to € -6.9 million, up from € -10.6 million in the first half of 2020.

# Earnings Performance by Segment

### Cloud-&-IoT revenues grow by 19%

Faced with the pandemic, many companies are accelerating the process of migrating their IT to the cloud. They are implementing new work concepts based on digital workplaces, for example; not least for that reason, they are moving ever more applications to cloud-based infrastructures. Our company is benefiting to an exceptional extent from this trend. That is because we have been combining public and private cloud services to offer high-availability, secure and scalable solutions for SME companies for years now.

Thanks to the high volume of demand for cloud solutions, the rate of growth in the "Cloud & IoT" segment accelerated yet further in the second quarter of 2021. Revenues rose year-on-year by 19% to € 28.6 million. In the first quarter of 2021, revenues had already risen by 13% to € 26.3 million.

### Cloud-&-IoT segment contribution quadruples

As the business model in this segment is highly scalable, earnings show disproportionate growth when revenues rise. Gross profit amounted to € 6.5 million in the second quarter of 2021, more than twice as high as in the second quarter of 2020 (€ 2.9 million). The segment contribution even quadrupled from € 1.0 million in the previous year to € 4.1 million. Over the same period, the segment margin rose by 10 percentage points to 14%.

**14%**

**margin in Cloud & IoT segment in second quarter of 2021**

Year-on-year comparison of the half-year performance shows how sustainably profitability has improved in q.beyond's largest segment: In the first half of 2021, revenues rose by 16% to € 54.9 million, while gross profit increased by 58% to € 11.2 million and the segment contribution improved by 116% to € 6.7 million.

### Stable SAP business during the pandemic

The SAP business has been affected far more significantly than the Cloud-&-IoT business by the ongoing restrictions on contact. After all, these make it considerably more difficult to provide consulting services and to implement new solutions on site. Given the progress made with the vaccination campaign, some appointments were also deferred from the second quarter to the second half of 2021.

Even in this challenging climate, the SAP team managed to generate largely stable revenues. On the one hand, it benefited from its early focus on the new S/4HANA software generation. On the other hand, business volumes were stabilised by the broad-based nature of activities in this segment. Alongside SAP consulting, we also offer SAP application management, hosting and basic operations.

Revenues amounted to € 10.2 million in the second quarter of 2021, as against € 10.5 million in the previous year's period. Gross profit came to € 1.6 million, compared with € 2.4 million one year earlier, while the segment contribution stood at € 1.0 million as against € 1.5 million. The half-year figures provide a better year-on-year comparison of how stably the SAP business has come through the pandemic. Both revenues (€ 21.4 million) and gross profit (€ 3.7 million) for the first half of 2021 were at the same level as in the previous year. Due to lower sales and marketing expenses, the segment contribution of € 2.5 million was even significantly higher than in the previous year (€ 1.6 million).

# Financial and Net Asset Position

## Growth financed from liquid funds

Our company, which is free of debt, is financing its strong growth and its acquisitions from liquid funds. As of 30 June 2021, we had net liquidity of € 30.7 million, compared with € 40.4 million as of 31 March 2021.

At q.beyond, free cash flow is traditionally determined by deducting payments for acquisitions and distributions in the period under report from the change in net liquidity. In the second quarter of 2021, the takeover of all the shares in datac reduced liquidity by € 6.1 million. This resulted in a free cash flow of € -3.6 million in the second quarter of 2021, as against € -3.5 million in the previous year.

Alongside the pleasing operating performance, this key figure also benefited from moderate capital expenditure. Excluding IFRS 16, this amounted to € 2.3 million in the second quarter of 2021, compared with € 1.7 million in the previous year, and was particularly channelled into technical equipment at the data centres.

## Solid balance sheet with high equity ratio

Our solid balance sheet provides a strong foundation both for strong organic growth and for acquisitions. The equity ratio stood at 73% as of 30 June 2021 and was thus 1 percentage point higher than at the end of 2020. Due to the consolidated net loss, equity decreased from € 136.6 million as of 31 December 2020 to € 129.8 million at the balance sheet date.

**73%**

**rock-solid equity ratio as of 30 June 2021**

Non-current liabilities showed a slight reduction to € 19.0 million as of 30 June 2021, down from € 19.3 million at the reporting date at the end of 2020. The predominant share of this line item involves IFRS 16 lease liabilities and pension provisions. Current liabilities fell from € 35.0 million as of 31 December 2020 to € 29.3 million as of 30 June 2021. This decrease is mainly due to the reduction in trade payables and other liabilities by € 5.8 million to € 16.6 million as of 30 June 2021.

On the asset side of the balance sheet, total non-current assets grew to € 105.5 million as of 30 June 2021, up from € 102.1 million at the end of 2020. This is due to the datac takeover in June 2021. The first-time consolidation of the new subsidiary increased goodwill to € 28.4 million, up from € 21.0 million as of 31 December 2020. By contrast, the depreciation of property, plant and equipment, right-of-use assets and other intangible assets reduced the value of non-current assets stated. Current assets fell from € 88.8 million at the end of 2020 to € 72.6 million as of 30 June 2021, a development which chiefly reflects the change in liquid funds.

# Events after Balance Sheet Date

### q.beyond invests in self-checkout specialist Snabble

At the end of July 2021, our company acquired a 25.4% stake in Snabble GmbH and thus boosted its strong position in the retail sector. Snabble has already demonstrated the functionality and market maturity of its proprietary scan-&-go solution at major retailers such as IKEA, TeeGschwendner and tegut. This new financing round will enable the start-up, which was founded in 2018, to extend the scope and functionality of its product. We are integrating the innovative solution into “StoreButler”, our highly scalable retail platform, and thus accessing further growth opportunities. StoreButler now covers the entire store shopping experience with integrated solutions, from digital price tags through to self-checkout.

q.beyond is already working together with Snabble on initial projects and this investment will now firm up the links between the two companies. The contract signed provides q.beyond with the option of increasing its shareholding from 2023 and acquiring a majority stake.

### Sale of first part of colocation business

At the end of May 2021, our company announced its intention to review the sale of its colocation business, among other strategic options. In a first step, the company’s existing customer DATEV has acquired the resources it itself uses. Due to the particular requirements of this service provider to tax advisors, auditors and lawyers, the relevant business was previously managed in a separate company, IP Colocation GmbH, which used a data centre with 1,000 $m^2$ of space at the Nuremberg location. DATEV has now acquired 100% of IP Colocation.

In autumn 2021, we also intend to decide on the future of IP Exchange GmbH, the wholly-owned subsidiary at which most of our colocation business has been pooled since 1 January 2021. From the outset, this spinoff was intended to extend the range of strategic options available to this high-investment business field and, in particular, to open it up for partnerships or sale.

# Opportunity and Risk Report

## Opportunity and risk situation largely unchanged

The first half of 2021 did not witness any material changes in the opportunities and risks presented in the 2020 Annual Report. Just like other risks or erroneous assumptions, however, all of the risks listed there could lead future actual earnings to deviate from q.beyond's expectations. Unless they constitute historic facts, all disclosures in this unaudited group interim report represent forward-looking statements. They are based on current expectations and forecasts concerning future events and may therefore change over time.

**Sustainably positive free cash flow now planned from Q3 2021 already**

# Outlook

## Higher EBITDA and free cash flow forecast

The operating business developed as expected in the first half of 2021. We are nevertheless raising the forecast for EBITDA and free cash flow, as the successful sale of IP Colocation has produced one-off income resulting above all from accounting gains and inflows of funds.

The revenue forecast is unchanged: We still expect to generate double-digit percentage revenue growth to between € 160 million and € 170 million in 2021. On this basis, we now expect to report EBITDA of between € 8 million and € 13 million (previous forecast: € 5 million to € 10 million) and free cash flow of between € -2 million and € +3 million (previous forecast: € -10 million to € -5 million). We will report sustainably positive free cash flow from the third quarter of 2021 already. The new forecast also accounts for the sales and earnings contributions now no longer included for the former subsidiary IP Colocation in the second half of 2021, as well as for costs relating to this transaction.

# Interim Consolidated Financial Statements

## Consolidated Statement of Income (unaudited)

| € 000s | 2021<br>01/04/–30/06/ | 2020<br>01/04/–30/06/ | 2021<br>01/01/–30/06/ | 2020<br>01/01/–30/06/ |
|---|---|---|---|---|
| **Revenues** | **38,804** | **34,457** | **76,269** | **68,565** |
| Cost of revenues | (30,696) | (29,104) | (61,309) | (57,677) |
| **Gross profit** | **8,108** | **5,353** | **14,960** | **10,888** |
| Sales and marketing expenses | (2,987) | (2,865) | (5,712) | (6,188) |
| General and administrative expenses | (3,834) | (3,938) | (7,841) | (7,711) |
| Depreciation and amortisation | | | | |
| (including non-cash share-based compensation) | (4,129) | (4,226) | (8,236) | (8,402) |
| Other operating income | 17 | 745 | 696 | 1,360 |
| Other operating expenses | (69) | (74) | (125) | (254) |
| **Operating earnings (EBIT)** | **(2,894)** | **(5,005)** | **(6,258)** | **(10,307)** |
| Financial income | 6 | 10 | 11 | 22 |
| Financial expenses | (154) | (95) | (240) | (210) |
| Income from associates | (8) | (1) | (17) | (23) |
| **Earnings before taxes** | **(3,050)** | **(5,091)** | **(6,504)** | **(10,518)** |
| Income taxes | (355) | - | (392) | (42) |
| **Consolidated net income** | **(3,405)** | **(5,091)** | **(6,896)** | **(10,560)** |
| Other comprehensive income | - | - | - | - |
| **Total comprehensive income** | **(3,405)** | **(5,091)** | **(6,896)** | **(10,560)** |
| Earnings per share (basic) in € | (0.03) | (0.04) | (0.06) | (0.08) |
| Earnings per share (diluted) in € | (0.03) | (0.04) | (0.06) | (0.08) |

# Consolidated Statement of Cash Flows (unaudited)

| € 000s | 2021<br>01/01/ – 30/06/ | 2020<br>01/01/ – 30/06/ |
|---|---|---|
| **Cash flow from operating activities** | | |
| Earnings before taxes | (6,504) | (10,518) |
| Depreciation and amortisation of non-current assets | 5,728 | 5,989 |
| Depreciation of right-of-use assets (IFRS 16) | 2,433 | 2,451 |
| Other non-cash income and expenses | (90) | 529 |
| Loss on disposals of assets | 15 | 38 |
| Income tax paid | (251) | (326) |
| Income tax received | - | 11 |
| Interest received | - | 3 |
| Interest paid in connection with leases (IFRS 16) | (168) | (208) |
| Net financial expenses | 229 | 188 |
| Income from associates | 17 | 23 |
| Changes in provisions | 11 | (2,140) |
| Changes in trade receivables | 2,518 | (2,611) |
| Changes in trade payables | (2,731) | 2,546 |
| Changes in other assets and liabilities | (2,997) | 1,333 |
| **Cash flow from operating activities** | **(1,790)** | **(2,692)** |
| **Cash flow from investing activities** | | |
| Purchase of intangible assets | (139) | (147) |
| Purchase of property, plant and equipment | (3,460) | (2,190) |
| Payments for acquisition of a subsidiary, less liquid funds thereby acquired | (6,147) | - |
| Proceeds from sale of property, plant and equipment | 28 | - |
| **Cash flow from investing activities** | **(9,718)** | **(2,337)** |
| **Cash flow from financing activities** | | |
| Dividends paid | - | (3,725) |
| Repayment of convertible bonds | (5) | (3) |
| Proceeds from issue of shares | 138 | 248 |
| Interest paid | - | (3) |
| Repayments of lease liabilities | (2,839) | (2,795) |
| **Cash flow from financing activities** | **(2,706)** | **(6,278)** |
| **Change in cash and cash equivalents** | **(14,214)** | **(11,307)** |
| Cash and cash equivalents as of 1 January | 44,925 | 66,031 |
| **Cash and cash equivalents as of 30 June** | **30,711** | **54,724** |

# Consolidated Balance Sheet

| € 000s | 30/06/2021 (unaudited) | 31/12/2020 (audited) |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 27,542 | 28,252 |
| Land and buildings | 20,372 | 20,749 |
| Goodwill | 28,393 | 20,993 |
| Right-of-use assets | 14,718 | 15,826 |
| Other intangible assets | 11,004 | 12,382 |
| Financial assets recognised at equity | 146 | 163 |
| Prepayments | 1,486 | 1,664 |
| Other non-current assets | 1,705 | 2,061 |
| Deferred tax assets | 97 | - |
| **Non-current assets** | **105,463** | **102,090** |
| **Current assets** | | |
| Trade receivables | 35,181 | 37,064 |
| Prepayments | 3,826 | 3,214 |
| Inventories | 54 | 57 |
| Other current assets | 2,825 | 3,514 |
| Cash and cash equivalents | 30,711 | 44,925 |
| **Current assets** | **72,597** | **88,774** |
| **TOTAL ASSETS** | **178,060** | **190,864** |

| € 000s | 30/06/2021 (unaudited) | 31/12/2020 (audited) |
|---|---|---|
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | |
| **Shareholders' equity** | | |
| Issued capital | 124,569 | 124,472 |
| Capital surplus | 144,184 | 144,160 |
| Other capital reserve | (2,466) | (2,466) |
| Accumulated deficit | (136,507) | (129,611) |
| **Shareholders' equity** | **129,780** | **136,555** |
| **Liabilities** | | |
| **Non-current liabilities** | | |
| Lease liabilities | 10,906 | 12,408 |
| Other financial liabilities | 39 | 21 |
| Accrued pensions | 6,328 | 6,327 |
| Other provisions | 1,732 | 565 |
| **Non-current liabilities** | **19,005** | **19,321** |
| **Current liabilities** | | |
| Trade payables and other liabilities | 16,640 | 22,436 |
| Lease liabilities | 5,448 | 5,460 |
| Other financial liabilities | 13 | 2 |
| Other provisions | 5,131 | 6,192 |
| Accrued taxes | 584 | 332 |
| Deferred income | 1,459 | 566 |
| **Current liabilities** | **29,275** | **34,988** |
| **Liabilities** | **48,280** | **54,309** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **178,060** | **190,864** |

# Consolidated Statement of Changes in Equity (unaudited)

| € 000s | Issued capital | Capital surplus | Other capital reserve (Actuarial losses) | Accumulated deficit | Total equity |
|---|---|---|---|---|---|
| **Balance as of 1 January 2021** | **124,472** | **144,160** | **(2,466)** | **(129,611)** | **136,555** |
| Total comprehensive income | - | - | - | (6,896) | (6,896) |
| Exercising of convertible bonds | 97 | 41 | - | - | 138 |
| Non-cash share-based compensation | - | (17) | - | - | (17) |
| **Balance as of 30 June 2021** | **124,569** | **144,184** | **(2,466)** | **(136,507)** | **129,780** |
| **Balance as of 1 January 2020** | **124,172** | **144,132** | **(2,147)** | **(105,989)** | **160,168** |
| Total comprehensive income | - | - | - | (10,560) | (10,560) |
| Exercising of convertible bonds | 225 | 23 | - | - | 248 |
| Dividends paid | - | - | - | (3,725) | (3,725) |
| Non-cash share-based compensation | - | (38) | - | - | (38) |
| **Balance as of 30 June 2020** | **124,397** | **144,117** | **(2,147)** | **(120,274)** | **146,093** |

# Notes to the Interim Consolidated Financial Statements

## 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 put them into practice. q.beyond accompanies SME customers securely and reliably throughout their digital journey and has extensive expertise in the fields of Cloud, SAP und IoT. 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 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.

### 1 Basis of preparation

These condensed interim consolidated financial statements of q.beyond AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), to the extent that these have been adopted by the EU, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), taking due account of International Accounting Standard (IAS) 34 Interim Financial Reporting. The interim consolidated financial statements do not include all notes and disclosures required of full year-end financial statements and should therefore be read in conjunction with the consolidated financial statements as of 31 December 2020.
Based on the Management Board's assessment, the interim consolidated financial statements contain all adjustments necessary to provide a true and fair view of the Group's net assets, financial and earnings position. The results for the reporting period ending on 30 June 2021 do not necessarily provide an indication of the future development in results.
The accounting policies applied in preparing these interim consolidated financial statements are basically consistent with those applied in the consolidated financial statements for the 2020 financial year.
Income tax expenses for the interim reporting period have been calculated using the effective tax rate expected for the financial year as a whole. Taxes relating to exceptional items are accounted for in the quarter in which the underlying items materialise.
The amendments to IFRS requiring mandatory application from the 2021 financial year onwards have not had any implications for the interim consolidated financial statements as of 30 June 2021.
The preparation of interim financial statements in accordance with IFRS requires a certain degree of reference to estimates and judgements affecting the assets and liabilities as recognised and the disclosures made concerning contingent assets and liabilities as of the reporting date. The amounts actually arising may deviate from such estimates.

There have been no material changes in the Management Board’s assessments concerning the application of accounting policies compared with the consolidated financial statements as of 31 December 2020. Unless otherwise stated, all amounts 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 these interim consolidated financial statements.
These condensed interim consolidated financial statements, including the interim group management report, have neither been audited pursuant to § 317 of the German Commercial Code (HGB) nor subject to any audit review by any suitably qualified person. The interim consolidated financial statements and interim group management report were approved for publication by the Management Board on 2 August 2021.

## 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 30 June 2021. Like in the previous year, q.beyond AG directly holds all shares and voting rights in all consolidated companies. datac Kommunikationssysteme GmbH, Augsburg, was included in the scope of consolidation for the first time in the period under report.
All shares in datac Kommunikationssysteme GmbH, Augsburg, were acquired as of the acquisition date on 10 June 2021. Recognition of the shares has been based on the purchase method and is still deemed preliminary in respect of the identification and measurement of assets and liabilities.
Since the acquisition of shares, datac Kommunikationssysteme GmbH contributed revenues of € 335k and a loss of € 201k to consolidated net income. If the acquisition had been executed as of 1 January 2021 then, based on Management Board estimates, consolidated revenues for the first six months of the 2021 financial year would have amounted to € 79,115k and the consolidated net deficit would have amounted to € 6,990k.

**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 | 7,176 |
| Conditional consideration | 1,167 |
| **Total consideration transferred** | **8,343** |

The preliminary purchase price for the acquisition of the 77,000 shares with a nominal value of € 1 each amounts to € 8,343k and comprises a purchase price of € 7,176k and a preliminary additional purchase price of € 1,167k, payment of which is conditional on achievement by the company of a predefined EBITDA target in the financial year ending on 31 December 2022. Achievement of the threshold value for the 2022 financial year is deemed likely; the associated purchase price component has therefore been added to the costs of the shares.

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

**Identifiable assets acquired and liabilities assumed.** The preliminary 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 | 101 |
| Right-of-use assets | 766 |
| Other intangible assets | 13 |
| Trade receivables | 562 |
| Other current assets | 112 |
| Cash and cash equivalents | 1,029 |
| Deferred tax assets | 97 |
| Lease liabilities | (766) |
| Other financial liabilities | (39) |
| Pension provisions | (227) |
| Tax provisions | (98) |
| Trade payables and other liabilities | (597) |
| Deferred income | (10) |
| **Total preliminary identifiable net assets** | **943** |

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

| € 000s | |
|---|---|
| Consideration transferred | 8,343 |
| Fair value of identifiable net assets | 943 |
| **Goodwill** | **7,400** |

The preliminary goodwill is chiefly attributable to the skills and specialist qualifications of the workforce, the synergies expected to arise, particularly in respect of sales activities, the access to a significantly larger number of SME customers and the extension of the portfolio in the forward-looking "modern workplace" market. None of the goodwill recognised is deductible for tax purposes.

## 3 Financial Instruments

**Disclosures on the balance sheet.** No separate disclosures are provided for the respective fair values as the carrying amounts largely correspond to fair values.

| € 000s | Carrying amount | Amortised cost | Fair value – in equity | Fair value – hedging instruments | Fair value – through profit or loss |
|---|---|---|---|---|---|
| **30 June 2021** | | | | | |
| **Assets not measured at fair value** | | | | | |
| Cash and cash equivalents | 30,711 | x | | | |
| Receivables from finance leases | 1,588 | x | | | |
| Current trade receivables | 35,181 | x | | | |
| **Liabilities not measured at fair value** | | | | | |
| Trade payables and other liabilities | 9,093 | x | | | |
| Contract liabilities | 262 | x | | | |
| Lease liabilities | 16,354 | x | | | |
| Other financial liabilities | 52 | 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 | | | |

**Disclosures on fair values measured on a recurring basis.** At the end of the reporting period, q.beyond determines whether any reclassifications are required between the measurement hierarchy levels. No reclassifications were made in the period under report from 1 January 2021 to 30 June 2021.

## 4 Revenues

The tables below provide a breakdown of revenues by geographical region and sector. Furthermore, the tables reconcile revenues with the segments presented in Note 5.

| € 000s | Geographical region | | | | | |
|---|---|---|---|---|---|---|
| | Germany | | Outside Germany | | Total | |
| | 2021 01/01/ – 30/06/ | 2020 01/01/ – 30/06/ | 2021 01/01/ – 30/06/ | 2020 01/01/ – 30/06/ | 2021 01/01/ – 30/06/ | 2020 01/01/ – 30/06/ |
| **Segments** | | | | | | |
| Cloud & IoT | 52,460 | 45,223 | 2,418 | 2,047 | 54,878 | 47,270 |
| SAP | 20,524 | 20,536 | 867 | 759 | 21,391 | 21,295 |
| **Total** | **72,984** | **65,759** | **3,285** | **2,806** | **76,269** | **68,565** |

| | Revenues in € 000s | | Revenues in % | |
|---|---|---|---|---|
| | 2021 01/01/ – 30/06/ | 2020 01/01/ – 30/06/ | 2021 01/01/ – 30/06/ | 2020 01/01/ – 30/06/ |
| **Sectors** | | | | |
| Retail | 28,624 | 27,475 | 37.6% | 40.1% |
| Manufacturing | 18,316 | 13,660 | 24.0% | 19.9% |
| Energy | 4,760 | 4,877 | 6.2% | 7.1% |
| Other | 24,569 | 22,553 | 32.2% | 32.9% |
| **Total** | **76,269** | **68,565** | **100.0%** | **100.0%** |

## 5 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 the 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.** This 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 |
|---|---|---|---|
| **01/04/ – 30/06/2021** | | | |
| **Revenues** | **28,578** | **10,226** | **38,804** |
| Cost of revenues | (22,034) | (8,662) | (30,696) |
| **Gross profit** | **6,544** | **1,564** | **8,108** |
| Sales and marketing expenses | (2,424) | (563) | (2,987) |
| **Segment contribution** | **4,120** | **1,001** | **5,121** |
| General and administrative expenses | | | (3,834) |
| Depreciation and amortisation (including | | | |
| non-cash share-based compensation) | | | (4,129) |
| Other operating income and expenses | | | (52) |
| **Operating earnings (EBIT)** | | | **(2,894)** |
| Financial income | | | 6 |
| Financial expenses | | | (154) |
| Income from associates | | | (8) |
| **Earnings before taxes** | | | **(3,050)** |
| Income taxes | | | (355) |
| **Consolidated net income** | | | **(3,405)** |

| € 000s | Cloud & IoT | SAP | Group |
|---|---|---|---|
| **01/04/ – 30/06/2020** | | | |
| **Revenues** | **23,988** | **10,469** | **34,457** |
| Cost of revenues | (21,060) | (8,044) | (29,104) |
| **Gross profit** | **2,928** | **2,425** | **5,353** |
| Sales and marketing expenses | (1,918) | (947) | (2,865) |
| **Segment contribution** | **1,010** | **1,478** | **2,488** |
| General and administrative expenses | | | (3,938) |
| Depreciation and amortisation (including | | | |
| non-cash share-based compensation) | | | (4,226) |
| Other operating income and expenses | | | 671 |
| **Operating earnings (EBIT)** | | | **(5,005)** |
| Financial income | | | 10 |
| Financial expenses | | | (95) |
| Income from associates | | | (1) |
| **Earnings before taxes** | | | **(5,091)** |
| Income taxes | | | - |
| **Consolidated net income** | | | **(5,091)** |

| € 000s | Cloud & IoT | SAP | Group |
|---|---|---|---|
| **01/01/ – 30/06/2021** | | | |
| **Revenues** | **54,878** | **21,391** | **76,269** |
| Cost of revenues | (43,637) | (17,672) | (61,309) |
| **Gross profit** | **11,241** | **3,719** | **14,960** |
| Sales and marketing expenses | (4,525) | (1,187) | (5,712) |
| **Segment contribution** | **6,716** | **2,532** | **9,248** |
| General and administrative expenses | | | (7,841) |
| Depreciation and amortisation (including | | | |
| non-cash share-based compensation) | | | (8,236) |
| Other operating income and expenses | | | 571 |
| **Operating earnings (EBIT)** | | | **(6,258)** |
| Financial income | | | 11 |
| Financial expenses | | | (240) |
| Income from associates | | | (17) |
| **Earnings before taxes** | | | **(6,504)** |
| Income taxes | | | (392) |
| **Consolidated net income** | | | **(6,896)** |

| € 000s | Cloud & IoT | SAP | Group |
|---|---|---|---|
| **01/01/ – 30/06/2020** | | | |
| **Revenues** | **47,270** | **21,295** | **68,565** |
| Cost of revenues | (40,155) | (17,522) | (57,677) |
| **Gross profit** | **7,115** | **3,773** | **10,888** |
| Sales and marketing expenses | (4,056) | (2,132) | (6,188) |
| **Segment contribution** | **3,059** | **1,641** | **4,700** |
| General and administrative expenses | | | (7,711) |
| Depreciation and amortisation (including | | | |
| non-cash share-based compensation) | | | (8,402) |
| Other operating income and expenses | | | 1,106 |
| **Operating earnings (EBIT)** | | | **(10,307)** |
| Financial income | | | 22 |
| Financial expenses | | | (210) |
| Income from associates | | | (23) |
| **Earnings before taxes** | | | **(10,518)** |
| Income taxes | | | (42) |
| **Consolidated net income** | | | **(10,560)** |

Revenues include € 1,891k generated with non-German EU customers (mainly Malta [€ 500k], the Netherlands [€ 488k], Spain [€ 127k] and Austria [€ 104k]), as well as € 1,394k with non-EU customers (mainly UK [€ 689k] and Switzerland [€ 557k]). All other revenues were generated in Germany.
In the first half of the 2021 financial year, the "Cloud & IoT" and "SAP" segments had two customers who respectively accounted for 14.2% and 12.5% of total revenues.

## 6 Cash flow from financing activities

Lease liabilities developed as follows:

| € 000s | 01/01/2021 | Cash-effective changes | Non-cash-effective changes | 30/06/2021 |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Lease liabilities | 17,868 | (3,007) | 1,493 | 16,354 |
| **Financial liabilities** | **17,868** | **(3,007)** | **1,493** | **16,354** |

## 7 Issued capital and capital reserve

Issued capital amounted to € 124,472,487 as of 1 January 2021 and comprised 124,472,487 no-par registered ordinary shares. Conversion rights relating to stock option plans were exercised during the first half of 2021, as a result of which 97,000 convertible bonds were converted into shares.
The number of ordinary shares and volume of issued capital changed 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 | 97,000 | 97,000 |
| **Number of shares at 30 June 2021** | **124,569,487** | **124,569,487** |

The change in the capital reserve since the previous year's reporting date was due on the one hand to the exercising of convertible bonds amounting to € 41k and on the other to non-cash share-based compensation of € -17k.

## 8 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. q.beyond 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.

## 9 Transactions with related parties

In the first six months of the 2021 financial year, q.beyond AG maintained business relationships with companies whose shareholders include members of the company's Supervisory Board. Persons and companies count as related parties pursuant to IAS 24 when one party has the possibility of exercising control or significant influence over the other party. All contracts with these companies require approval by the Supervisory Board and are agreed on customary market terms.
No material changes arose in this respect in the period until 30 June 2021. We therefore refer to the disclosures made in the notes to the consolidated financial statements as of 31 December 2020.

## 10 Management Board (CEO)

The following table presents information about the number of shares and conversion rights held by the Management Board (CEO):

| | Shares | | Conversion rights | |
|---|---|---|---|---|
| | 30/06/2021 | 30/06/2020 | 30/06/2021 | 30/06/2020 |
| Jürgen Hermann | 1,000,000 | 1,000,000 | 150,000 | 150,000 |

## 11 Supervisory Board

The following table presents individualised information about the number of shares and conversion rights held by members of the Supervisory Board:

| | Shares | | Conversion rights | |
|---|---|---|---|---|
| | 30/06/2021 | 30/06/2020 | 30/06/2021 | 30/06/2020 |
| Dr. Bernd Schlobohm, Chairman | 15,769,910 | 15,769,910 | - | - |
| Dr. Frank Zurlino, Deputy Chairman | 10,000 | 10,000 | - | - |
| Gerd Eickers | 15,777,484 | 15,777,484 | - | - |
| Ina Schlie | 50,000 | 50,000 | - | - |
| Matthias Galler[1] | 2,100 | - | 2,700 | 2,700 |
| Martina Altheim[1] | 1,800 | - | 1,900 | 1,900 |

[1] Employee representative.

## 12 Events after balance sheet date

**Shareholding in Snabble GmbH.** On 22 July 2021, q.beyond AG signed an acquisition and takeover agreement for 25.4% of the shares in Snabble GmbH. This contract is expected to be executed by 15 August 2021. The Bonn-based company Snabble GmbH has as its object the production, licensing and marketing of software and the provision of a technical platform for merchandise transaction processes.

**Sale of IP Colocation GmbH.** By purchase agreement dated 28 July 2021, the company signed a contract with DATEV eG governing the complete sale of IP Colocation GmbH.

Cologne, August 2021

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 for interim financial reporting, the Condensed Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Consolidated 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 for the remaining months of the financial year.

Cologne, August 2021

q.beyond AG
The Management Board

Jürgen Hermann

# Calendar

**Quarterly Statement**
8 November 2021

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