



Quarterly Statement Q3 2024

At a Glance

Key Figures

€ million	2024	2023	2024	2023
	01/07/–30/09/	01/07/–30/09/	01/01/–30/09/	01/01/–30/09/
Revenues	47.0	45.4	141.4	138.5
Managed Services	32.9	31.3	99.5	94.2
Consulting	14.1	14.1	41.9	44.3
Gross profit	7.6	6.9	23.8	21.2
Managed Services	6.6	5.6	20.6	18.4
Consulting	1.0	1.4	3.1	2.8
EBITDA	2.2	0.1	6.4	(0.1)
Depreciation and amortisation ^{1,2}	3.1	3.7	9.4	10.4
EBIT	(0.9)	(3.6)	(3.0)	(10.5)
Consolidated net income	(0.9)	(4.0)	(2.8)	(11.7)
Earnings per share ³ (in €)	(0.01)	(0.03)	(0.03)	(0.10)
Capital expenditure ⁴	0.9	0.2	2.1	1.8
Free cash flow	1.0	1.1	2.4	1.1
Net liquidity			38.7 ⁶	37.6 ⁷
Net liquidity per share (in €)			0.31 ⁶	0.30 ⁷
Shareholders' equity			96.6 ⁶	99.4 ⁷
Equity ratio (in %)			64.9 ⁶	64.4 ⁷
Xetra closing price ⁵ (in €)			0.78	0.66
Number of shares ⁵			124,579,487	124,579,487
Market capitalisation ⁵			97.2	82.2
Number of employees ⁵			1,101	1,127

¹ Including share-based remuneration.

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

³ Diluted and basic.

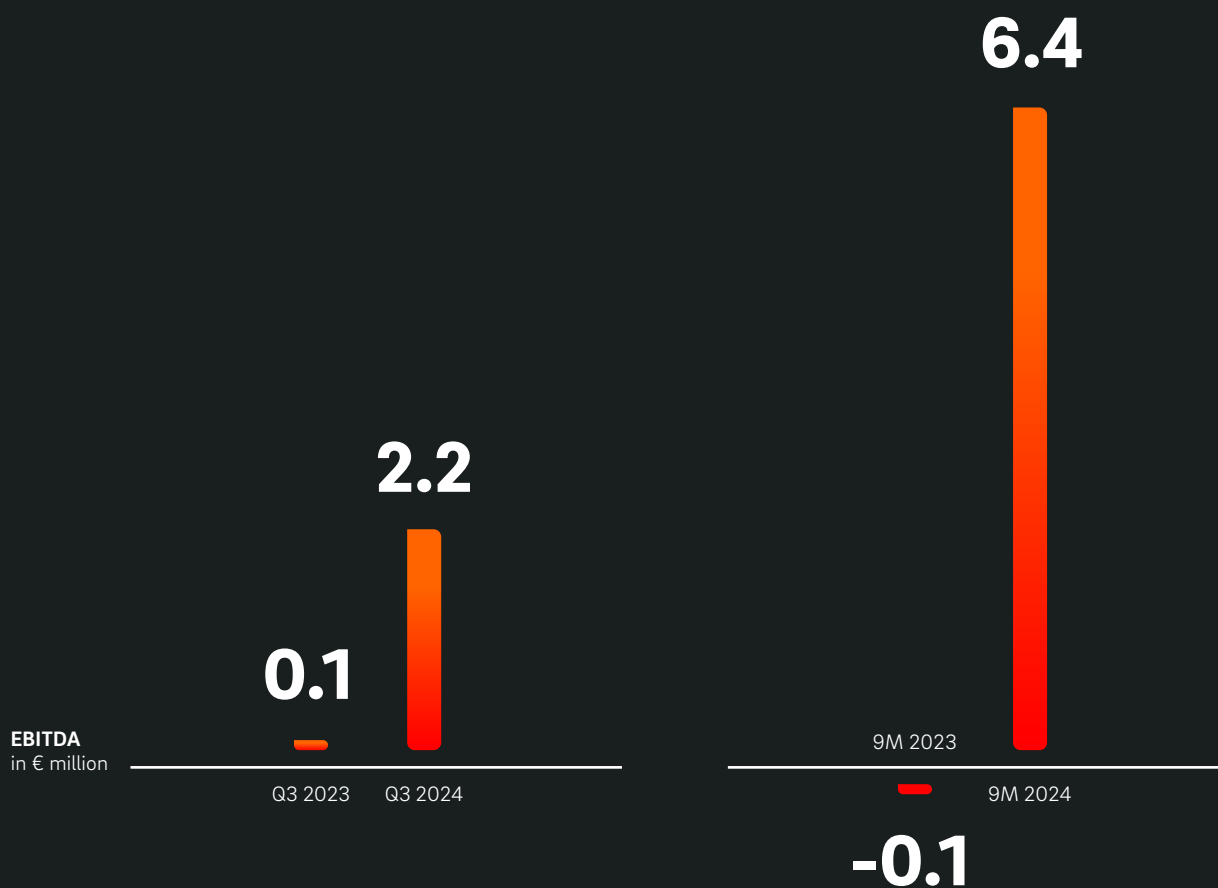
⁴ Not accounting for IFRS 16.

⁵ As of 30 September.

⁶ As of 30 September 2024.

⁷ As of 31 December 2023.

Full-year **EBITDA** for 2024 is now expected to rise by significantly more than 40% to € 8 to 10 million – despite the recession!



Summary of third quarter of 2024

Executive Summary

9-month EBITDA rises year-on-year from € -0.1 million to € 6.4 million

Unlike expected at the beginning of the year, Germany has not witnessed any economic upturn. According to the forecast issued by the Federal Government, the country's gross domestic product could be set to contract for the second consecutive time this year.¹ Irrespective of this and thanks to consistent implementation of the "2025 Strategy", q.beyond's earnings strength is continuing to rise sustainably: EBITDA for the third quarter of 2024 showed further significant growth compared with the previous year, in this case by € 2.1 million to € 2.2 million. Revenues for the same period grew by € 1.6 million to € 47.0 million. Free cash flow stood at € 1.0 million in the past quarter, as against € 1.1 million in the previous year.

Year-on-year comparison of the 9-month figures shows how well our company has performed despite the recession: EBITDA for the first nine months of the current financial year totalled € 6.4 million, compared with € -0.1 million in the previous year. Revenues for the same period rose to € 141.4 million, up from € 138.5 million, while free cash flow improved from € 1.1 million to € 2.4 million. We will prioritise profitability over growth once again in the fourth quarter of 2024. For the 2024 financial year as a whole, we now therefore expect EBITDA to increase not only by at least, but rather by significantly more than 40% to between € 8 million and € 10 million, and for this to be accompanied by sustainably positive free cash flow and revenues closer to around € 192 million than up to € 198 million.

Business Performance

Growing earnings strength driven by consistent implementation of 2025 Strategy

The significant increase in the company's earnings strength in a challenging environment documents the success of the 2025 Strategy unveiled in spring 2023. This is built on three pillars: focusing the business model more closely on forward-looking technologies and sectors, increasing the effectiveness of the company's go-to-market approach, and "One q.beyond", which involves standardising and simplifying the company's processes and structures and expanding its share of nearshoring and offshoring activities. Implementing this strategy led to a process of far-reaching transformation in the past quarters. With its lean organisational structure, our company today focuses on higher-margin business fields. Profitability has clear priority over growth.

One q.beyond is now a tangible reality across the Group. For q.beyond's team, this involved an abundance of changes in the past year. Over and above the required restructuring of personnel, most notably in less profitable business fields, this led as expected to a temporary rise in the number of staff resignations. In 2023, the personnel turnover rate reached double-digit figures. Since then, this rate has fallen to 6% and, based on our observations, is significantly below the sector average. This too indicates the commitment shown by q.beyond's team and its willingness to actively help shape the transformation.

¹ https://www.bmwk.de/Redaktion/DE/Downloads/H/241009-eck-werte-der-herbstprojektion-2024.pdf?__blob=publicationFile&v=8 (only available in German).

Long-term business relationships boost resilience

Just like One q.beyond, the focused business model is also proving its worth in what is currently a challenging economic climate. This model is characterised by a focus on select sectors and long-term customer relationships. Of revenues in the third quarter of 2024, 72% were attributable to the five focus sectors of retail, logistics, manufacturing, financial services, and the public sector, while 75% were of a recurring nature and based on multiyear contracts. Many of our customer relationships have been in place for more than 20 years, demonstrating our reliability and quality, as well as high levels of customer satisfaction.

Expansion in forward-looking business fields

To further enhance our attractiveness for existing and new customers, we are systematically expanding our portfolio. One recent focus has involved further developing the company's manufacturer-independent portfolio of IT security services. A "Cyber Defense Center" now pools the know-how of specially trained experts and serves to proactively avert cyber risks and defend against any threats. This expansion in our security expertise is consistent with customers' current requirements. In recent months, q.beyond has gained several new customers in the form of companies and public institutions that operate critical infrastructures (KRITIS) and are therefore subject to especially strict security requirements.

AI successfully in use at growing number of customers

The increased deployment of artificial intelligence (AI) is also creating new opportunities in our cooperation with customers. We are continually expanding our expertise in this area and simultaneously drawing on AI tools to enhance our own efficiency within the company as well. Based on our assessment, consistent use of AI may reduce our operating expenses by up to 20% over the next 3 years.

≤ 20%

reduction in operating expenses
by making consistent use of AI.

Areas in which we are already supporting customers with our AI expertise include knowledge and document management, as well as automated image analysis. At one SME customer, for example, an AI-supported chatbot is in use that meets the strict requirements of the General Data Protection Regulation (GDPR). Indexed data memories are integrated into the language model, meaning that different users have access to different information. Another company, in this case in the manufacturing sector, is drawing on an AI tool to recognise the forms and materials of objects on an automated basis and thus optimise its processes. Further customers will lead to benefits of scale and thus increase our earnings strength.

Earnings Performance

Significant improvements in EBITDA, EBIT, and consolidated net income

Based on revenues of € 47.0 million, cost of revenues stood at € 39.4 million in the third quarter of 2024 (Q3 2023: € 38.5 million). Gross profit rose to € 7.6 million, up from € 6.9 million in the previous year. Over the same period, sales and marketing expenses decreased by € 0.5 million to € 2.7 million. General and administrative expenses also fell by € 0.5 million year-on-year to € 3.4 million in the quarter under report. Accounting for the other operating result of € 0.7 million (Q3 2023: € 0.2 million), EBITDA amounted to € 2.2 million, as against € 0.1 million in the previous year.

As planned, depreciation and amortisation fell from € 3.7 million in the previous year to € 3.1 million in the quarter under report. As a result, operating earnings (EBIT) for the third quarter of 2024 rose by € 2.7 million to € -0.9 million. As the financial result also increased, while the tax charge turned out lower, consolidated net income for the past quarter even improved by € 3.1 million to € -0.9 million. Consistent with the targets set in the 2025 Strategy, our company remains well on course to generate sustainably positive consolidated net income from the coming year onwards.

Earnings Performance by Segment

Managed Services improves revenues and earnings

Revenues in the "Managed Services" segment grew year-on-year by € 1.6 million to € 32.9 million in the third quarter of 2024. Cost of revenues for the same period rose by a mere € 0.5 million to € 26.3 million. This low increase facilitated a disproportionate rise in gross profit by a rounded total of € 1.0 million to € 6.6 million.

Year-on-year comparison of the 9-month figures underlines how well this segment is performing in what is still a challenging environment: revenues in the year to date grew by € 5.3 million to € 99.5 million, while cost of revenues rose by € 3.0 million to € 78.9 million. Gross profit improved by € 2.2 million to € 20.6 million, while the gross margin for the 9-month period increased year-on-year by 1 percentage point to 21%.

q.beyond remains well on course to generate sustainably positive consolidated net income from 2025 onwards.

Consulting stabilises in third quarter of 2024

As in the previous year's period, revenues in the "Consulting" segment amounted to € 14.1 million in the third quarter of 2024 and thus stabilised despite the recession and associated reluctance of SMEs to invest. Cost of revenues stood at € 13.1 million in the third quarter of 2024, as against € 12.7 million in the previous year. Given the growing shortage of specialists, we deliberately decided not to scale back capacities, particularly in the consulting business. We are therefore well positioned as we expect above all to see growing demand from SMEs for digitalisation and artificial intelligence solutions. Gross profit amounted to € 1.0 million, compared with € 1.4 million in the previous year's quarter.

Comparison of the 9-month figures shows more clearly that the 2025 Strategy is gaining traction in the second segment as well: due to the macro-economic backdrop, revenues fell by € 2.4 million to € 41.9 million. In parallel, q.beyond nevertheless managed to lower its cost of revenues by € 2.6 million to € 38.8 million. Thanks to this reduction in costs, gross profit in the Consulting segment grew by a rounded total of € 0.3 million to € 3.1 million in the first nine months of the current financial year. The gross margin improved by 1 percentage point to 7%.

Financial and Asset Position

Free cash flow rises to € 2.4 million in first nine months

Our company has no liabilities to banks and finances itself exclusively from its own liquidity. As of 30 September 2024, we had net liquidity of € 38.7 million compared with € 39.0 million as of 30 June 2024.

€ 38.7 million

net liquidity as of 30 September 2024.

Based on our definition, free cash flow corresponds to the change in net liquidity excluding payments for acquisitions and distributions in the period under report. The third quarter of 2024 witnessed payment of a contractually agreed further purchase price tranche of € 1.3 million for q.beyond Data Solutions (previously: productive-data). Free cash flow therefore amounted to € 1.0 million, as against € 1.1 million in the previous year. On a 9-month basis, by contrast, free cash flow rose from € 1.1 million in the previous year to € 2.4 million.

Solid balance sheet

q.beyond has a solid balance sheet in which its non-current assets are fully financed by equity. Due above all to depreciation and amortisation, total non-current assets decreased to € 61.9 million as of 30 September 2024, down from € 65.1 million at the end of 2023.

Total current assets fell to € 86.9 million, compared with € 89.3 million as of 31 December 2023. Whereas liquid funds, i.e. cash and cash equivalents, have risen in the year to date, trade receivables fell from € 34.1 million at the end of 2023 to € 30.2 million as of 30 September 2024.

Equity ratio of 65%

Due to negative consolidated net income, equity changed as of 30 September 2024 and amounted to € 96.6 million, compared with € 99.4 million at the balance sheet date at the end of 2023. Given the reduction in total assets, the equity ratio nevertheless rose by 1 percentage point to 65%.

Non-current liabilities decreased to € 11.0 million, down by € 2.3 million compared with the 2023 balance sheet date. Current liabilities showed a slight reduction to € 41.2 million as of 30 September 2024, as against € 41.6 million at the end of 2023. Within this line item, higher trade payables and other liabilities and lease liabilities were countered by a lower volume of provisions.

q.beyond has a solid balance sheet in which its non-current assets are fully financed by equity.

Opportunity and Risk Report

No material changes in opportunity and risk situation

There are currently no material changes compared with the opportunities and risks presented in the 2023 Annual Report. Just like other risks or erroneous assumptions, however, all risks listed there could lead future actual earnings to deviate from q.beyond's expectations. Unless they constitute historic facts, all disclosures in this quarterly statement are forward-looking statements. These are based on current expectations and forecasts concerning future events and may therefore change over time.

Outlook

EBITDA expected to rise by significantly more than 40%

We will prioritise profitability over growth once again in the fourth quarter of 2024. For the 2024 financial year as whole, we now therefore expect EBITDA to increase not only by at least, but rather by significantly more than 40% to between € 8 million and € 10 million, and for this to be accompanied by sustainably positive free cash flow and revenues closer to around € 192 million than up to € 198 million. Despite the ongoing recession, our forecast thus remains within the ranges stated at the beginning of the year, namely EBITDA of € 8 million to € 10 million and revenues of € 192 million to € 198 million. Consistent implementation of the 2025 Strategy has boosted the resilience of our business model. Given the higher project volumes traditionally invoiced in the fourth quarter, as in previous years we have budgeted higher revenues for this period in 2024 than for previous quarters.

Further Information

About this quarterly statement

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

About q.beyond

q.beyond AG is the key to successful digitalisation. We help our customers find, implement and operate the best digital solutions for their businesses. Our strong team of 1,100 specialists accompanies SMEs reliably as they tackle their digital transformation. Customers benefit here from our all-round expertise in cloud, applications, AI and security. With locations across Germany, as well as in Latvia, Spain, India and the USA, and its own certified data centres, q.beyond is one of Germany's leading IT service providers.

Interim Consolidated Financial Statements

Consolidated Statement of Comprehensive Income (unaudited)

€ 000s	2024	2023	2024	2023
	01/07/ – 30/09/	01/07/ – 30/09/	01/01/ – 30/09/	01/01/ – 30/09/
Revenues	47,019	45,446	141,401	138,476
Cost of revenues	(39,386)	(38,499)	(117,629)	(117,288)
Gross profit	7,633	6,947	23,772	21,188
Sales and marketing expenses	(2,733)	(3,180)	(8,301)	(10,205)
General and administrative expenses	(3,417)	(3,882)	(10,191)	(11,615)
Depreciation and amortisation				
(including share-based remuneration)	(3,093)	(3,739)	(9,365)	(10,414)
Other operating income	753	239	1,262	599
Other operating expenses	(73)	(30)	(177)	(102)
Operating earnings (EBIT)	(930)	(3,645)	(3,000)	(10,549)
Financial income	321	163	930	373
Financial expenses	(83)	(81)	(247)	(198)
Income from associates	(89)	(148)	(255)	(493)
Earnings before taxes	(781)	(3,711)	(2,572)	(10,867)
Income taxes	(87)	(266)	(212)	(854)
Consolidated net income	(868)	(3,977)	(2,784)	(11,721)
Other comprehensive income				
Line items that are not reclassified in the income statement				
Currency translation	(36)	-	(36)	-
Other comprehensive income after taxes	(36)	-	(36)	-
Total comprehensive income	(904)	(3,977)	(2,820)	(11,721)
Attribution of consolidated net income				
Owners of the parent company	(965)	(4,228)	(3,342)	(12,589)
Non-controlling interests	97	251	558	868
Attribution of consolidated net income	(868)	(3,977)	(2,784)	(11,721)
Attribution of total comprehensive income				
Owners of the parent company	(1,001)	(4,228)	(3,378)	(12,589)
Non-controlling interests	97	251	558	868
Attribution of total comprehensive income	(904)	(3,977)	(2,820)	(11,721)
Earnings per share (basic) in €	(0.01)	(0.03)	(0.03)	(0.10)
Earnings per share (diluted) in €	(0.01)	(0.03)	(0.03)	(0.10)

Consolidated Balance Sheet

€ 000s	30/09/2024 (unaudited)	31/12/2023 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	13,713	15,864
Land and buildings	15,404	15,943
Goodwill	13,945	13,948
Right-of-use assets	9,073	8,637
Other intangible assets	3,895	5,481
Financial assets recognised at equity	2,658	2,763
Prepayments	1,490	1,211
Other non-current assets	1,725	1,203
Non-current assets	61,903	65,050
Current assets		
Trade receivables	30,152	34,135
Prepayments	7,536	6,776
Inventories	67	109
Other current assets	10,470	10,631
Cash and cash equivalents	38,683	37,642
Current assets	86,908	89,293
TOTAL ASSETS	148,811	154,343

Consolidated Balance Sheet

€ 000s	30/09/2024 (unaudited)	31/12/2023 (audited)
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Issued capital	124,579	124,579
Capital reserve	144,382	144,382
Other reserves	(471)	(435)
Accumulated deficit	(174,021)	(170,680)
Equity attributable to owners of parent company	94,469	97,846
Non-controlling interests	2,107	1,549
Shareholders' equity	96,576	99,395
Liabilities		
Non-current liabilities		
Lease liabilities	5,199	5,239
Other financial liabilities	2,326	3,841
Accrued pensions	1,746	2,099
Other provisions	1,025	928
Trade payables	-	375
Deferred tax liabilities	746	829
Non-current liabilities	11,042	13,311
Current liabilities		
Trade payables and other liabilities	27,549	25,530
Lease liabilities	4,100	3,395
Other financial liabilities	1,514	1,342
Other provisions	2,127	4,053
Tax provisions	4,611	5,996
Deferred income	1,292	1,321
Current liabilities	41,193	41,637
Liabilities	52,235	54,948
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	148,811	154,343

Consolidated Statement of Cash Flows (unaudited)

€ 000s	2024	2023
	01/01 – 30/09/	01/01 – 30/09/
Cash flow from operating activities		
Earnings before taxes	(2,572)	(10,867)
Depreciation and amortisation of non-current assets	6,323	7,744
Depreciation of right-of-use assets (IFRS 16)	2,993	2,711
Other non-cash income and expenses	107	23
Profit from retirement of assets	(9)	(2)
Income taxes paid	(1,827)	(240)
Income taxes received	186	3
Interest received	910	360
Interest paid in connection with leases (IFRS 16)	(244)	(190)
Net financial expenses	(683)	(174)
Income from associates	255	493
Changes in provisions	(2,181)	(1,036)
Changes in trade receivables	3,874	7,939
Changes in trade payables	4,748	(6,149)
Changes in other assets and liabilities	(5,126)	4,210
Cash flow from operating activities	6,754	4,825
Cash flow from investing activities		
Payments for purchase of intangible assets	(20)	(386)
Payments for purchase of property, plant and equipment	(2,037)	(1,813)
Payments for purchase of a subsidiary, less liquid funds thereby acquired*	(1,319)	-
Proceeds from sale of property, plant and equipment	10	855
Cash flow from investing activities	(3,366)	(1,344)
Cash flow from financing activities		
Repayments of convertible bonds	(1)	(3)
Contribution to capital reserve	-	298
Contribution to capital resources	-	(382)
Repayments of lease liabilities	(2,346)	(2,506)
Cash flow from financing activities	(2,347)	(2,593)
Change in cash and cash equivalents	1,041	888
Cash and cash equivalents as of 1 January	37,642	36,388
Cash and cash equivalents as of 30 September	38,683	37,276

* Purchase of further shares in a subsidiary.

Segment Reporting (unaudited)

€ 000s	Managed Services	Consulting	Group
01/07/ – 30/09/2024			
Revenues	32,891	14,128	47,019
Cost of revenues	(26,287)	(13,099)	(39,386)
Gross profit	6,604	1,029	7,633
Sales and marketing expenses			(2,733)
General and administrative expenses			(3,417)
Depreciation and amortisation (including share-based remuneration)			(3,093)
Other operating income			753
Other operating expenses			(73)
Operating earnings (EBIT)			(930)
Financial income			321
Financial expenses			(83)
Income from associates			(89)
Earnings before taxes			(781)
Income taxes			(87)
Consolidated net income			(868)

€ 000s	Managed Services	Consulting	Group
01/07/ – 30/09/2023			
Revenues	31,322	14,124	45,446
Cost of revenues	(25,757)	(12,742)	(38,499)
Gross profit	5,565	1,382	6,947
Sales and marketing expenses			(3,180)
General and administrative expenses			(3,882)
Depreciation and amortisation (including share-based remuneration)			(3,739)
Other operating income			239
Other operating expenses			(30)
Operating earnings (EBIT)			(3,645)
Financial income			163
Financial expenses			(81)
Income from associates			(148)
Earnings before taxes			(3,711)
Income taxes			(266)
Consolidated net income			(3,977)

Segment Reporting (unaudited)

€ 000s	Managed Services	Consulting	Group
01/01/ – 30/09/2024			
Revenues	99,501	41,900	141,401
Cost of revenues	(78,862)	(38,767)	(117,629)
Gross profit	20,639	3,133	23,772
Sales and marketing expenses			(8,301)
General and administrative expenses			(10,191)
Depreciation and amortisation (including share-based remuneration)			(9,365)
Other operating income			1,262
Other operating expenses			(177)
Operating earnings (EBIT)			(3,000)
Financial income			930
Financial expenses			(247)
Income from associates			(255)
Earnings before taxes			(2,572)
Income taxes			(212)
Consolidated net income			(2,784)

€ 000s	Managed Services	Consulting	Group
01/01/ – 30/09/2023			
Revenues	94,225	44,251	138,476
Cost of revenues	(75,852)	(41,436)	(117,288)
Gross profit	18,373	2,815	21,188
Sales and marketing expenses			(10,205)
General and administrative expenses			(11,615)
Depreciation and amortisation (including share-based remuneration)			(10,414)
Other operating income			599
Other operating expenses			(102)
Operating earnings (EBIT)			(10,549)
Financial income			373
Financial expenses			(198)
Income from associates			(493)
Earnings before taxes			(10,867)
Income taxes			(854)
Consolidated net income			(11,721)

expect the next

Calendar

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31 March 2025

Quarterly Figures
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11 August 2025
10 November 2025

Annual General Meeting
22 May 2025

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