



Half-Year Financial Report
as of 30 June 2022

At a Glance

Key figures

€ million	2022	2021	2022	2021
	01/04/ – 30/06/	01/04/ – 30/06/	01/01/ – 30/06/	01/01/ – 30/06/
Revenues	42.0	38.8	83.3	76.3
Cloud & IoT	33.8	28.6	65.7	54.9
SAP	8.3	10.2	17.5	21.4
EBITDA	1.4	1.2	2.3	2.0
Depreciation and amortisation ^{1,2}	4.0	4.1	8.1	8.2
EBIT	(2.6)	(2.9)	(5.8)	(6.3)
Consolidated net income	(3.1)	(3.4)	(6.6)	(6.9)
Earnings per share ³ (in €)	(0.03)	(0.03)	(0.05)	(0.06)
Capital expenditure ⁴	0.1	2.3	0.3	3.3
Free cash flow	(1.9)	(3.6)	(3.5)	(7.8)
Net liquidity			44.2 ⁶	56.2 ⁷
Shareholders' equity			140.8 ⁶	147.4 ⁷
Equity ratio (in %)			74.9 ⁶	73.6 ⁷
Xetra closing price ⁵ (in €)			1.12	1.91
Number of shares ⁵			124,569,487	124,569,487
Market capitalisation ⁵			139.5	237.9
Number of employees ⁵			1,144	1,016

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.

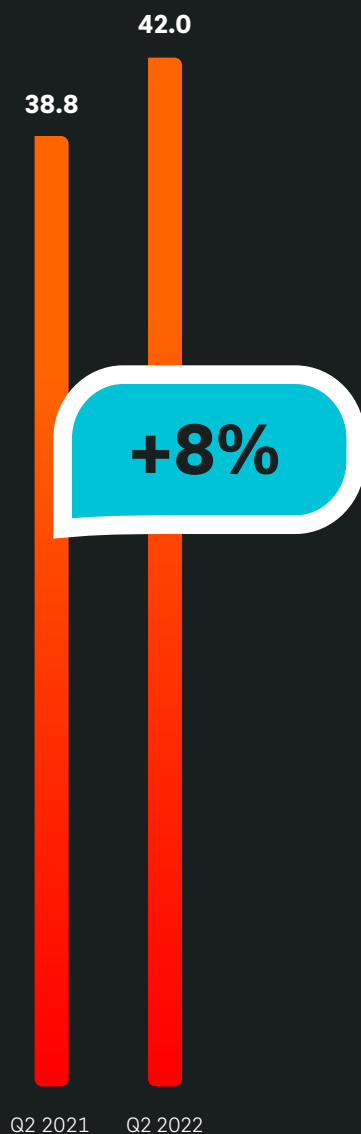
⁵ As of 30 June.

⁶ As of 30 June 2022.

⁷ As of 31 December 2021.

Robust revenue growth in challenging environment

Revenues in € million



Strong growth in cloud business

Quarterly revenues in the Cloud & IoT segment rise by 18% to € 33.8 million year-on-year thanks to success in operating business with cloud, IoT and SaaS solutions and targeted acquisitions.

Macroeconomic uncertainty holds back SAP business

Quarterly revenues in the SAP segment fall by 19% to € 8.3 million year-on-year due to cautious approach taken by customers given rising risk of recession and pandemic-related restrictions.

Group Interim Management Report

Business Performance

Robust growth in challenging environment

q.beyond maintained its growth in the second quarter of 2022. In a challenging environment, revenues rose year-on-year by 8% to € 42.0 million. This means that revenues nevertheless fell short of the original budget. Given the increasingly uncertain economic climate, q.beyond observed a certain caution on the part of companies across all of its business fields. The ongoing war in Ukraine has significantly raised the risk of recession in Germany, while the massive rise in prices for fossil-based energies is further fuelling inflation. In this exceptional situation, our close and trust-based cooperation with our customers, some of which we have accompanied for many years now, has particularly paid off. Recurring revenues accounted for 78% of total revenues in the second quarter of 2022.

78%

of Q2 2022 revenues are recurring.

Cloud revenues grow year-on-year by 18% in quarter under report

Together with high sickness levels due to the pandemic, the economic uncertainty had an adverse impact on the SAP segment in particular in the past quarter. Revenues here amounted to € 8.3 million in the second quarter of 2022, compared with € 10.2 million in the previous year. By contrast,

second-quarter revenues in the Cloud & IoT segment rose by 18% to € 33.8 million. The companies acquired during 2021 made major contributions to this strong growth. Furthermore, the software as a service (SaaS) revenues included in this segment also increased. However, the economic uncertainty left its mark on the Cloud business as well, with individual projects delayed and others postponed for the time being.

Package of measures creates new growth momentum

Against this backdrop, q.beyond has taken four steps to prepare the company for the possibility of a prolonged recession and provide additional growth momentum. Firstly, the SAP segment will adapt its market alignment and further optimise its use of existing resources. Secondly, the CEO Jürgen Hermann will personally assume responsibility for the "SaaS" business field still in development. He will place the focus more clearly than previously on developing marketable products and services and launching these swiftly onto the market. These measures will be accompanied by optimised cost and liquidity management and a more clearly focused sales strategy, taking particular account of opportunities for cross-selling and upselling with existing customers.

Focus on retail, logistics and manufacturing

Moreover, from now on we will concentrate on the three focus sectors of retail, logistics and manufacturing, which accounted for 64% of total revenues in the second quarter of 2022. Energy, previously the fourth focus sector, has been massively affected by

64%

Share of revenues in focus sectors
of retail, logistics and manufacturing

the consequences of the war in Ukraine and will initially not be prioritising measures to modernise its IT. Not least in view of this, our company decided not to pursue an acquisition in the energy sector. This had been presented in the “beyond 2022” strategy and was included in the outlook for the 2022 financial year as a whole.

Net liquidity of € 44.2 million offers scope for further acquisitions

A further reason not to pursue the acquisition was the change in underlying conditions following the outbreak of war in Ukraine. Given the risk of a recession and high inflation, we are prioritising the market maturity of the respective products and the ability of new subsidiaries to make positive earnings contributions from the outset. Where these requirements are met, we will continue in future as well to make targeted acquisitions of companies capable of strengthening and extending our portfolio. With net liquidity of € 44.2 million as of 30 June 2022, we have the necessary funds to finance further acquisitions from our own resources.

New orders of € 106.3 million in first half of 2022

In the meantime, our main focus will be on accelerating our organic growth in the second half of 2022 and beyond. The newly introduced package of measures will lay a foundation for this. Our company is also benefiting from a high volume of new orders. These amounted to € 30.0 million in the second quarter of 2022, with 72% of this figure involving new customers or new orders from existing customers. New orders for the first six months of the current financial year totalled € 106.3 million.

q.beyond reinforces position among leading IT service providers

A high volume of new orders creates a basis for continued growth beyond 2022. With its “beyond 2022” strategy, our company has once again set itself ambitious medium-term targets. In 2025, we aim to generate revenues of between € 270 million and € 300 million, and to achieve an EBITDA margin of 14% to 16% as well as free cash flow of between € 15 million and € 25 million. The new Lünendonk ranking underlines how well q.beyond is positioned in the market when it comes to generating strong and profitable growth: In this highly reputed analysis, our company has reinforced its position among the leading IT service providers in Germany.¹

¹ <https://www.luenendonk.de/aktuelles/presseinformation/luenendonk-listen-2022-fuehrende-it-dienstleister-in-deutschland>
(press release only available in German)

Business Framework

Drastic reduction in growth forecasts for 2022

Following Russia's attack on Ukraine, macro-economic researchers revised and reduced their economic forecasts for Germany, in some cases massively so. For this year, the Federal Government now expects the country's gross domestic product (GDP) to grow by 2.2%;² at the beginning of the year, it had still forecast economic growth of 3.6%.³ The EU Commission is even more pessimistic and expects Germany's GDP to grow by just 1.4% in 2022.⁴

This weaker economic performance will not simply pass the IT sector by. The Bitkom-ifo Digital index has fallen significantly in the year to date, with business expectations most recently only marginally above zero.⁵ For the medium term, however, the growth drivers in the IT market remain just as intact as ever. These include accelerated digitalisation, the ongoing conversion to S/4HANA, the new generation of SAP software, and the migration of IT from companies to the cloud – three topics on which we have long focused.

Future lies with "cloud-only" and "cloud-first" strategies

The core significance of the cloud is documented by KPMG's latest Cloud Monitor⁶, which shows that 84% of companies now use the cloud and a further 13% are planning or discussing its use. Ten years ago, these shares still stood at 37% and 29% respectively. The number of companies pursuing "cloud-only" or "cloud-first" strategies is also on the increase. Almost half of companies already rely on a strategy that either migrates all systems and applications to the cloud or at least grants priority to this migration. With its broad-based cloud portfolio, our company is superbly positioned to accompany customers in this migration and to operate cloud infrastructures.

When asked about the objectives of their cloud strategies, 78% of the companies surveyed on behalf of KPMG stated that these were intended to reduce costs. Cutting CO₂ emissions was the second-most popular reason. This in turn underlines the significantly greater priority now accorded to sustainability in business decisions. q.beyond itself intends to achieve climate neutrality by 2025 and is thus building a genuine competitive advantage. After all, in the years ahead ever more SMEs will deliberately select climate-neutral IT service providers in order to reduce their own CO₂ footprints as well.

² <https://www.bmwk.de/Redaktion/EN/Pressemitteilungen/2022/04/20220427-lower-growth-rates.html>

³ <https://www.bmwk.de/Redaktion/EN/Pressemitteilungen/2022/20220126-minister-habeck-german-economy-remains-robust.html>

⁴ https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/germany/economic-forecast-germany_en

⁵ <https://www.bitkom.org/Digitalindex> (only available in German)

⁶ KPMG-Cloud-Monitor 2022, <https://hub.kpmg.de/cloud-monitor-2022> (restricted access, only available in German)

Earnings Performance

Cost of revenues at higher level

Based on revenues of € 42.0 million, cost of revenues stood at € 35.1 million in the second quarter of 2022 and were thus € 4.4 million higher than the previous year's figure. Expecting rising revenues as 2022 progresses, q.beyond has in recent quarters stepped up its capacities, not least to expand the SaaS business. Furthermore, this line item now also includes the business operations acquired at the cloud specialist scanplus in December 2021. The higher level of costs is the reason for the change in gross profit, which amounted to € 6.9 million in the second quarter of this year as against € 8.1 million in the previous year's period.

Comparison of the half-yearly figures reveals a similar picture. While revenues for the first six months of this year rose from € 76.3 million to € 83.3 million, cost of revenues grew from € 61.3 million to € 70.5 million. This resulted in gross profit of € 12.8 million, down from € 15.0 million in the previous year's period.

Compared with cost of revenues, the other line items in the income statement only play a subordinate role. Quarterly sales and marketing expenses rose year-on-year by € 0.6 million to € 3.6 million. By contrast, general and administrative expenses fell by € 0.6 million to € 3.2 million in the second quarter of 2022.

EBITDA increases to € 1.4 million in second quarter of 2022

Including the other operating result, EBITDA rose to € 1.4 million in the second quarter of 2022, up from € 1.2 million one year earlier. For the six-month period as a whole, operating earnings less depreciation and amortisation stood at € 2.3 million, as against € 2.0 million in the first half of 2021.

+17%

EBITDA growth compared with previous year's quarter

At € 4.0 million in the second quarter of 2022, depreciation and amortisation fell slightly short of the previous year's figure of € 4.1 million. Of this sum, € 1.1 million related to IFRS 16 lease liabilities. This led to EBIT of € -2.6 million in the second quarter of 2022, as against € -2.9 million in the previous year's period. Net of the financial result and taxes on income, this produced consolidated net income of € -3.1 million, compared with € -3.4 million in the second quarter of 2021. In the half-year period, this key figure improved to € -6.6 million, up from € -6.9 million in the previous year's period.

Earnings Performance by Segment

Cloud & IoT revenues grow by 18%

Revenues in the "Cloud & IoT" segment grew by 18% to € 33.8 million in the second quarter of 2022. This ongoing growth was driven by success in the operating business with cloud, IoT and SaaS solutions, as well as by the first-time consolidation of scanplus and the June 2021 takeover of datac. These two new subsidiaries more than offset the revenues lost due to the successful sale of the colocation business in the third quarter of 2021.

Cost of revenues rose from € 22.0 million in the second quarter of 2021 to € 28.0 million in the quarter under report. This increase was due on

the one hand to cost structures at the new subsidiaries. scanplus alone had a total of 123 employees at the end of June. By contrast, the colocation business most recently had 55 employees. On the other hand, cost of revenues in the Cloud & IoT segment include advance investments in a low seven-digit euro amount to expand the SaaS business. The Cloud & IoT segment therefore generated gross profit of € 5.7 million in the second quarter of 2022, as against € 6.5 million in the previous year's period.

Sales and marketing expenses rose year-on-year from € 2.4 million to € 2.9 million in the second quarter of 2022. This resulted in a segment contribution of € 2.8 million, compared with € 4.1 million in the second quarter of 2021. Based on a significant rise in revenues, we expect to see disproportionate earnings growth in the highly scalable Cloud, IoT and SaaS business in the second half of 2022.

The high level of cloud growth is being driven by success in the operating business with cloud, IoT and SaaS solutions and by the targeted acquisitions made in the previous year.

Significant cost reductions in SAP business

Given the rising level of economic uncertainty and ongoing pandemic-related restrictions, the revenues of € 8.3 million generated in the SAP segment in the second quarter of 2022 fell short of the previous year's figure of € 10.2 million.

In this challenging environment, our company relied (and continues to rely) on ongoing cost discipline and on putting internal resources to optimised use. Cost of revenues therefore fell to € 7.1 million in the second quarter of 2022, down from € 8.7 million in the previous year. This resulted in gross profit of € 1.2 million, compared with € 1.6 million in the second quarter of 2021. The segment contribution amounted to € 0.5 million, down from € 1.0 million in the previous year's period.

Financial and Asset Position

Significant improvement in free cash flow

Our company is virtually free of debt and finances its growth from liquid funds. As of 30 June 2022, we had net liquidity of € 44.2 million, compared with € 47.2 million as of 31 March 2022.

At q.beyond, the 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 2022, a final payment matured for lease liabilities in connection with the acquisition of business operations at scanplus. The corresponding outflow of liquidity totalled € 1.1 million. This resulted in a free cash flow of € -1.9 million in the second quarter of 2022, as against € -3.6 million in the previous year's period.

This improvement in the free cash flow is attributable to the ongoing low volume of capital expenditure. Excluding IFRS 16 items, this stood at a mere € 0.1 million in the second quarter of 2022 compared with € 2.3 million in the previous year's quarter. When comparing these figures, it should be noted that the investment-intensive colocation business was successfully sold in the second half of 2021.

Equity ratio of 75%

Our company's solid financing is also reflected in its consolidated balance sheet as of 30 June 2022. At this point in time, the equity ratio amounted to 75% and was thus 1 percentage point higher than at the end of 2021. Due to the accumulated deficit, equity decreased from € 147.4 million as of 31 December 2021 to € 140.8 million as of the balance sheet date.

€ 44.2 million

Net liquidity as of 30 June 2022

Non-current liabilities fell to just € 11.3 million as of 30 June 2022, down from € 13.5 million at the balance sheet date at the end of 2021. These predominantly relate to IFRS 16 lease liabilities and to pension provisions. Current liabilities decreased to € 36.1 million as of 30 June 2022, compared with € 39.5 million as of 31 December 2021. This is chiefly attributable to the reduction in current lease liabilities following the redemption of remaining leases at scanplus at the beginning of the year.

On the asset side of the balance sheet, total non-current assets dropped from € 97.2 million at the end of 2021 to € 92.0 million as of 30 June 2022. The value of right-of-use assets in particular was reduced by the redemption of lease liabilities at scanplus. Current assets fell to € 96.1 million as of 30 June 2022, down from € 103.1 million at the end of 2021. This was due above all to the reduction in cash and cash equivalents.

Opportunity and Risk Report

Weak macroeconomic developments harbour new risks

Germany too has witnessed a deterioration in macroeconomic expectations, particularly since Russia launched its invasion of Ukraine in February 2022.

The resultant macroeconomic uncertainty at a time of high inflation is making companies more cautious when it comes to commissioning and implementing consulting and investment projects. Furthermore, there has been a massive increase in energy prices, a development that will also leave its mark on our company, this year above all at its scanplus subsidiary and in future also in the operation of its data centres. In some cases, it is possible to pass on and hedge the increase in energy costs. Overall, cost of revenues is expected to rise, particularly in the coming year.

We are countering these risks with a package of measures outlined in the "Business Performance" chapter and already taking effect at short notice. Moreover, our business model proved its crisis resistance just recently during the coronavirus pandemic. This was made possible by the high share of recurring revenues, as well as by our Cloud, SAP and SaaS portfolio, which enables companies to press ahead with the indispensable process of digitalising their businesses and processes.

Apart from this, no material changes arose compared with the opportunities and risks presented in the 2021 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 report represent forward-looking statements. They are based on current expectations and forecasts concerning future events and may therefore change over time.

Outlook

Strong second half of 2022 expected

Our business performance in the first half of 2022 did not fully conform to our expectations. That is particularly true of the SAP segment. We have reacted directly by implementing a package of measures that will create new growth momentum, sharpen the focus of individual business fields and further optimise our cost and liquidity management. If these measures show their planned effects, q.beyond will still be able to reach the targets published at the end of March for the 2022 financial year as a whole. Including one acquisition in the energy sector, these involved generating revenues of between € 180 million and € 200 million,

EBITDA of between € 8 million and € 16 million and free cash flow of up to € -10 million. Excluding this acquisition, which has since been cancelled, and in view of the current business framework our revenues and EBITDA will be at the lower end of these forecast ranges.

Based on current planning and like in the previous year, we expect to see a strong second half of the financial year. Driven by rising revenues, earnings will show disproportionate growth thanks to our scalable business model. This assumes that the German economy does not enter a recession. The company still plans for double-digit growth in its Cloud business, a significant increase in SaaS revenues and for the SAP segment to overcome the effects of the coronavirus pandemic.

A package of measures adds fresh growth momentum, sharpens the focus of individual business fields and further optimises q.beyond's cost and liquidity management.

Interim Consolidated Financial Statements

Consolidated Statement of Comprehensive Income (unaudited)

€ 000s	2022	2021	2022	2021
	01/04/ – 30/06/	01/04/ – 30/06/	01/01/ – 30/06/	01/01/ – 30/06/
Revenues	42,018	38,804	83,259	76,269
Cost of revenues	(35,089)	(30,696)	(70,495)	(61,309)
Gross profit	6,929	8,108	12,764	14,960
Sales and marketing expenses	(3,560)	(2,987)	(6,127)	(5,712)
General and administrative expenses	(3,200)	(3,834)	(6,862)	(7,841)
Depreciation and amortisation				
(including share-based remuneration)	(3,994)	(4,129)	(8,089)	(8,236)
Other operating income	1,383	17	2,938	696
Other operating expenses	(123)	(69)	(461)	(125)
Operating earnings (EBIT)	(2,565)	(2,894)	(5,837)	(6,258)
Financial income	9	6	53	11
Financial expenses	(25)	(154)	(49)	(240)
Income from associates	(257)	(8)	(467)	(17)
Earnings before taxes	(2,838)	(3,050)	(6,300)	(6,504)
Income taxes	(256)	(355)	(297)	(392)
Consolidated net income	(3,094)	(3,405)	(6,597)	(6,896)
Other comprehensive income	-	-	-	-
Total comprehensive income	(3,094)	(3,405)	(6,597)	(6,896)
Attribution of consolidated net income and total comprehensive income				
Owners of the parent company	(3,216)	(3,405)	(6,773)	(6,896)
Non-controlling interests	122	-	176	-
Attribution of consolidated net income and total comprehensive income	(3,094)	(3,405)	(6,597)	(6,896)
Earnings per share (basic) in €	(0.03)	(0.03)	(0.05)	(0.06)
Earnings per share (diluted) in €	(0.03)	(0.03)	(0.05)	(0.06)

Consolidated Statement of Cash Flows (unaudited)

€ 000s	2022	2021
	01/01/ – 30/06/	01/01/ – 30/06/
Cash flow from operating activities		
Earnings before taxes	(6,300)	(6,504)
Depreciation and amortisation of non-current assets	6,212	5,728
Depreciation of right-of-use assets (IFRS 16)	2,073	2,433
Other non-cash income and expenses	(46)	(90)
Profit from sale of financial assets recognised at equity	(25)	-
Profit/loss from retirement of assets	(9)	15
Income taxes paid	(9)	(251)
Interest received	51	-
Interest paid in connection with leases (IFRS 16)	(43)	(168)
Net financial expenses	(4)	229
Income from associates	467	17
Changes in provisions	(2,588)	11
Changes in trade receivables	(4,183)	2,518
Changes in trade payables	7,765	(2,731)
Changes in other assets and liabilities	(4,163)	(2,997)
Cash flow from operating activities	(802)	(1,790)
Cash flow from investing activities		
Proceeds from sale of financial assets recognised at equity	134	-
Payments for purchase of intangible assets	(263)	(139)
Payments for purchase of property, plant and equipment	(118)	(3,460)
Payments for purchase of a subsidiary, less liquid funds thereby acquired	(8,471)	(6,147)
Proceeds from sale of property, plant and equipment	32	28
Cash flow from investing activities	(8,686)	(9,718)
Cash flow from financing activities		
Repayment of convertible bonds	(1)	(5)
Proceeds from issue of shares	-	138
Interest paid	(1)	-
Repayments of lease liabilities	(2,468)	(2,839)
Cash flow from financing activities	(2,470)	(2,706)
Change in cash and cash equivalents	(11,958)	(14,214)
Cash and cash equivalents as of 1 January	56,700	44,925
Cash and cash equivalents as of 30 June	44,742	30,711

Consolidated Balance Sheet

€ 000s	30/06/2022 (unaudited)	31/12/2021 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	21,937	21,628
Land and buildings	17,022	17,381
Goodwill	29,956	29,956
Right-of-use assets	7,108	12,809
Other intangible assets	8,201	7,343
Financial assets recognised at equity	5,709	6,286
Prepayments	1,220	1,138
Other non-current assets	887	537
Deferred tax assets	-	77
Non-current assets	92,040	97,155
Current assets		
Trade receivables	39,644	35,424
Prepayments	7,018	5,799
Inventories	590	249
Other current assets	4,095	4,973
Cash and cash equivalents	44,742	56,700
Current assets	96,089	103,145
TOTAL ASSETS	188,129	200,300

€ 000s	30/06/2022 (unaudited)	31/12/2021 (audited)
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Issued capital	124,579	124,579
Capital reserve	144,137	144,147
Other reserve	(1,752)	(1,752)
Accumulated deficit	(126,672)	(119,899)
Equity attributable to owners of parent company	140,292	147,075
Non-controlling interests	470	294
Shareholders' equity	140,762	147,369
Liabilities		
Non-current liabilities		
Trade payables	1,125	1,125
Lease liabilities	3,873	4,684
Other financial liabilities	1,248	2,376
Pension provisions	4,625	4,830
Other provisions	440	440
Non-current liabilities	11,311	13,455
Current liabilities		
Trade payables and other liabilities	26,186	24,250
Lease liabilities	3,704	8,989
Other financial liabilities	564	-
Other provisions	2,402	4,221
Tax provisions	1,830	1,621
Deferred income	1,370	395
Current liabilities	36,056	39,476
Liabilities	47,367	52,931
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	188,129	200,300

Consolidated Statement of Changes in Equity (unaudited)

€ 000s	Equity attributable to equity holders of q.beyond AG			
	Issued capital	Capital reserve	Other reserve (Actuarial losses)	Accumulated deficit
Balance as of 1 January 2022	124,579	144,147	(1,752)	(119,899)
Total comprehensive income	-	-	-	(6,773)
Non-cash share-based remuneration	-	(10)	-	-
Balance as of 30 June 2022	124,579	144,137	(1,752)	(126,672)
Balance as of 1 January 2021	124,472	144,160	(2,466)	(129,611)
Total comprehensive income	-	-	-	(6,896)
Exercising of convertible bonds	97	41	-	-
Non-cash share-based remuneration	-	(17)	-	-
Balance as of 30 June 2021	124,569	144,184	(2,466)	(136,507)

Total	Non-controlling interests	Total equity	
147,075	294	147,369	Balance as of 1 January 2022
(6,773)	176	(6,597)	Total comprehensive income
(10)	-	(10)	Non-cash share-based remuneration
140,292	470	140,762	Balance as of 30 June 2022
136,555	-	136,555	Balance as of 1 January 2021
(6,896)	-	(6,896)	Total comprehensive income
138	-	138	Exercising of convertible bonds
(17)	-	(17)	Non-cash share-based remuneration
129,780	-	129,780	Balance as of 30 June 2021

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 & IoT and SAP. With nationwide locations and its own certified data centres, the company is one of Germany's leading IT service providers. q.beyond AG is a stock corporation registered in the Federal Republic of Germany. Its legal domicile is Mathias-Brüggen-Strasse 55, 50829 Cologne, Germany. The company is registered in the Commercial Register of 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 2021.

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 2022 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 2021 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 2022 financial year onwards have not had any implications for the interim consolidated financial statements as of 30 June 2022.

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 2021. 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 27 July 2022.

2 Scope of consolidation and amendments under company law

The consolidated financial statements comprise the financial statements of q.beyond AG, Cologne, and of the subsidiaries it controls:

	Shareholdings in %
Subsidiary, domicile, country	
Q.BEYOND SIA, Riga, Latvia	100.0
datac Kommunikationssysteme GmbH, Augsburg, Germany	100.0
scanplus GmbH, Ulm, Germany	100.0
q.beyond logineer GmbH, Bremen, Germany	51.0

The Darmstadt-based company Incloud Engineering GmbH was merged into q.beyond AG in accordance with the provisions of the merger agreement dated 19 April 2022. The respective entry was made in the Commercial Register on 7 June 2022.

By purchase agreement dated 8 December 2021, q.beyond Erwerbengesellschaft GmbH (now operating under the name scanplus GmbH) acquired the business operations of ScanPlus GmbH in Insolvenz by way of an asset deal. In the first half of 2022, the lease agreements taken over with the business operations, which concern the lease of property, plant and equipment and of intangible assets, were converted into purchase agreements. The acquisition costs amounted to € 4,361k for the property, plant and equipment, and to € 2,387k for the intangible assets.

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 2022					
Assets not measured at fair value					
Cash and cash equivalents	44,742	x			
Receivables from finance leases	524	x			
Current trade receivables	39,644	x			
Liabilities not measured at fair value					
Trade payables and other liabilities	22,952	x			
Contract liabilities	157	x			
Lease liabilities	7,577	x			
Other financial liabilities	514	x			
Liabilities measured at fair value					
Other financial liabilities	1,298				x

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

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 2022 to 30 June 2022.

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	
	2022	2021	2022	2021	2022	2021
	01/01/ – 30/06/	01/01/ – 30/06/	01/01/ – 30/06/	01/01/ – 30/06/	01/01/ – 30/06/	01/01/ – 30/06/
Segments						
Cloud & IoT	62,256	52,460	3,461	2,418	65,717	54,878
SAP	17,265	20,524	277	867	17,542	21,391
Total	79,521	72,984	3,738	3,285	83,259	76,269

	Revenues in € 000s		Revenues in %	
	2022	2021	2022	2021
	01/01/ – 30/06/	01/01/ – 30/06/	01/01/ – 30/06/	01/01/ – 30/06/
Sectors				
Retail and logistics	37,647	28,624	45.2%	37.6%
Manufacturing	15,063	18,316	18.1%	24.0%
Energy	2,364	4,760	2.8%	6.2%
Other	28,185	24,569	33.9%	32.2%
Total	83,259	76,269	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 corporate management for business administration decisions and performance assessments.

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

The IoT business also covers the whole spectrum of relevant services, including software competence, hardware from sensors through to gateways, and secure data transmission and storage.

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

The segment contribution is the key segment performance indicator referred to by the management. It 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/ – 30/06/2022			
Revenues	33,753	8,265	42,018
Cost of revenues	(28,030)	(7,059)	(35,089)
Gross profit	5,723	1,206	6,929
Sales and marketing expenses	(2,897)	(663)	(3,560)
Segment contribution	2,826	543	3,369
General and administrative expenses			(3,200)
Depreciation and amortisation (including share-based remuneration)			(3,994)
Other operating income and expenses			1,260
Operating earnings (EBIT)			(2,565)
Financial income			9
Financial expenses			(25)
Income from associates			(257)
Earnings before taxes			(2,838)
Income taxes			(256)
Consolidated net income			(3,094)

€ 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 share-based remuneration)			(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
01/01/ – 30/06/2022			
Revenues	65,717	17,542	83,259
Cost of revenues	(55,996)	(14,499)	(70,495)
Gross profit	9,721	3,043	12,764
Sales and marketing expenses	(4,976)	(1,151)	(6,127)
Segment contribution	4,745	1,892	6,637
General and administrative expenses			(6,862)
Depreciation and amortisation (including share-based remuneration)			(8,089)
Other operating income and expenses			2,477
Operating earnings (EBIT)			(5,837)
Financial income			53
Financial expenses			(49)
Income from associates			(467)
Earnings before taxes			(6,300)
Income taxes			(297)
Consolidated net income			(6,597)

€ 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 share-based remuneration)			(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)

Revenues include € 887k generated with non-German EU customers (mainly Austria [€ 428k], the Netherlands [€ 213k] and Malta [€ 212k]), as well as € 2,851k with non-EU customers (mainly UK [€ 2,195k] and Switzerland [€ 603k]). All other revenues were generated in Germany. In the first half of the 2022 financial year, the "Cloud & IoT" and "SAP" segments had two customers who respectively accounted for 15.3% and 14.5% of total revenues.

6 Cash flow from financing activities

Financial liabilities developed as follows:

€ 000s	01/01/2022	Cash-effective changes	Non-cash-effective changes	Retirements	30/06/2022
Financial liabilities					
Long-term loans	500	-	-	-	500
Lease liabilities	13,673	(2,511)	1,304	(4,889)	7,577
Financial liabilities	14,173	(2,511)	1,304	(4,889)	8,077

7 Issued capital and capital reserve

Issued capital amounted to € 124,579,487 as of 30 June 2022 and was unchanged compared with 31 December 2021. It comprised 124,579,487 no-par registered ordinary shares.

The change in the capital reserve since the previous year's reporting date was due to non-cash share-based compensation of € -10k.

8 Legal disputes

The petition filed against q.beyond AG on 13 January 2021 by EnBW Telekommunikation GmbH, Karlsruhe, was dismissed in full by the arbitration court on 16 May 2022. Neither q.beyond AG nor its group companies are now involved in any court or arbitration proceedings which could have any material impact on their economic positions.

9 Related party disclosures

In the first months of 2022, q.beyond AG maintained business relations with QS Communications Verwaltungs Service GmbH, Cologne, a company in which members of the Supervisory Board are shareholders. 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 2022. We therefore refer to the disclosures made in the notes to the consolidated financial statements as of 31 December 2021.

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	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
Jürgen Hermann	1,000,000	1,000,000	150,000	150,000

11 Supervisory Board

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

	Shares	
	30/06/2022	30/06/2021
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	2,100
Martina Altheim ¹	1,800	1,800

¹ Employee representative.

No conversion rights are held by members of the Supervisory Board.

Cologne, August 2022

q.beyond AG
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 2022

q.beyond AG
The Management Board



Jürgen Hermann

Calendar

Quarterly Statement

7 November 2022

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This translation is provided as a convenience only. Please note that the German-language original of this Half-Year Financial Report is definitive.

