Half-Year Financial Report as of 30 June 2023

At a Glance

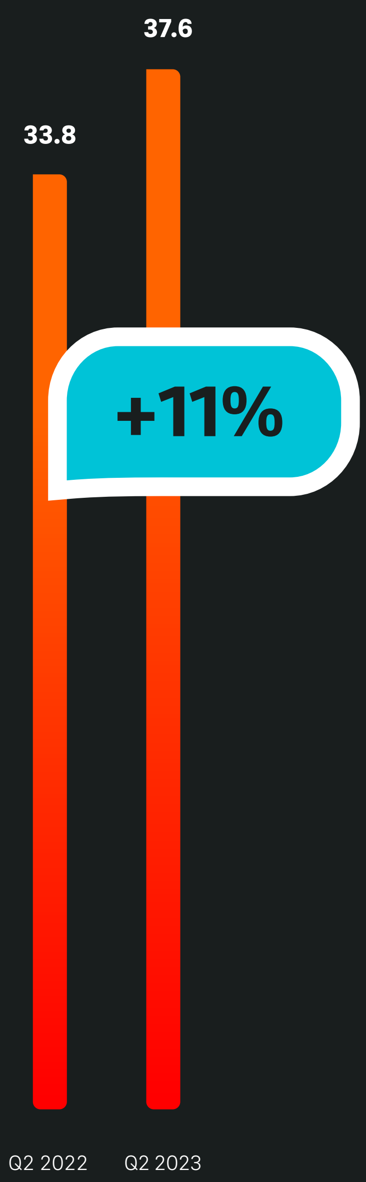
Key figures

€ million	2023 01/04/–30/06/	2022 01/04/–30/06/	2023 01/01/–30/06/	2022 01/01/–30/06/
Revenues	46.4	42.0	93.0	83.3
Cloud	37.6	33.8	74.5	65.7
SAP	8.8	8.3	18.5	17.5
EBITDA	1.0	1.4	(0.2)	2.3
Depreciation and amortisation[1, 2]	3.4	4.0	6.7	8.1
EBIT	(2.3)	(2.6)	(6.9)	(5.8)
Consolidated net income	(2.7)	(3.1)	(7.7)	(6.6)
Earnings per share[3] (in €)	(0.03)	(0.03)	(0.07)	(0.05)
Capital expenditure[4]	1.1	0.1	1.6	0.3
Free cash flow	(1.1)	(1.9)	0.0	(3.5)
Net liquidity			35.9[6]	35.9[7]
Shareholders' equity			107.9[6]	115.7[7]
Equity ratio (in %)			71.6[6]	71.8[7]
Xetra closing price[5] (in €)			0.65	1.12
Number of shares[5]			124,579,487	124,579,487
Market capitalisation[5]			81.0	139.5
Number of employees[5]			1,090	1,144

[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 2023.
[7] As of 31 December 2022.

Double-digit growth in second quarter of 2023. Both segments – Cloud and SAP – contribute to ongoing revenue growth.

Revenues Cloud in € million



Revenues SAP in € million

Group Interim Management Report

Business Performance

q.beyond boosts revenues and raises free cash flow forecast

Notwithstanding the weak economic climate, q.beyond maintained its growth course in the second quarter of 2023. Revenues for this period grew by 11% to € 46.4 million. The company generated EBITDA of € 1.0 million and free cash flow of € -1.1 million. Cumulative revenues for the first six months of the current financial year totalled € 93.0 million, while EBITDA stood at € -0.2 million and free cash flow at € 0.0 million. In light of these figures, we can confirm the full-year forecast for 2023 for revenues (€ 185 million to € 191 million) and EBITDA (€ 5 million to € 7 million) and are raising our free cash flow forecast to up to € -4 million from previously up to € -8 million. Further details can be found in the Outlook.

+11%

revenue growth in Q2 2023.

Progress in implementing "2025 Strategy"

The higher level of free cash flow is due above all to the progress made in implementing the "2025 Strategy". This sets three strategic priorities: we are building a more focused business model, achieving a more effective go-to-market approach, and enhancing our efficiency in the "One q.beyond" project, which involves standardising and simplifying all processes and structures.

The 2025 Strategy is underpinned with numerous measures and with clear targets and schedules. Some of these measures will take effect in the short term; these include improved receivables management, a factor which made it possible to raise the free cash flow forecast. The positive impact of other measures, such as the required reorganisation of personnel and merger of subsidiaries into q.beyond AG, will, by contrast, only become apparent in the quarters ahead.

Expansion in indirect sales activities proves effective

The steps taken to achieve a more effective go-to-market approach have already proven their worth in the short term. Here, the 2025 Strategy relies in particular on expanding indirect sales. The number of enquiries received from new customers via this sales channel by the end of June 2023 was already more than twice as high as in the whole of the 2022 financial year. We expect this increased level of interest to lead to higher new orders in the quarters ahead and that indirect sales will thus become the second pillar of our go-to-market approach.

At present, most of our orders still come from direct sales. New orders in the second quarter of 2023 rose to € 39.8 million, up from € 30.0 million in the previous year's period. Half of these order volumes involved the renewal of contract relationships, particularly with our long-standing customer Tchibo.

Digital partnership with Tchibo

The extension of the contract with the market leader for roasted coffee and multichannel retailer will give rise to a new digital partnership with the objectives of further transforming and modernising Tchibo's IT infrastructure as well as its process and application environment. q.beyond has provided numerous IT systems and core applications to Tchibo for many years already. In future, the two companies will adopt a holistic approach to further developing and operating business processes on the basis of DevOps methods.

Portfolio consistent with IT investment focuses at German companies

The latest Lünendonk study documents how well q.beyond's new strategy meets the requirements of customers. According to its findings, our core topics and services cover the most important strategic IT projects at German companies. Examples here include cloud transformation, cybersecurity, digital workplaces, and individual software development.

Just a few weeks earlier, the highly regarded study of providers "ISG Provider Lens™ Microsoft Cloud Ecosystem Germany 2023" conferred "Leader" status on our range of Microsoft services in two market segments. We have also forged a head start over competitors in the SAP business as well. Based on data from SAP, our company generated the second-highest cloud revenues of all mid-market partners in Germany in the first half of 2023. Overall, we were ranked third in terms of cloud revenues at partners.

Solid foundations for greater earnings and financial strength

In the second half of 2023 we will press just as consistently ahead with implementing the 2025 Strategy. Where necessary, we will step up the intensity of measures to ensure we can sustainably return to profitability. And where still required, we will simplify processes and structures and thus enhance our efficiency.

This way, we are laying solid foundations to strengthen the earnings and financial strength of our company as planned by 2025. Based on average revenue growth of 7% to 8%, we then intend to generate an EBITDA margin of 7% to 8% and positive consolidated net income. We plan to achieve a sustainability positive free cash flow starting in 2024.

7%–8%

EBITDA margin targeted by q.beyond in its 2025 Strategy for 2025.

Business Framework

German economy unexpectedly weak

Germany's economy has performed more weakly in the year to date than expected at the beginning of the year. In the second quarter of 2023, a whole number of economic research institutes issued corrections in their full-year expectations for the economy in 2023. The IfW[1] in Kiel now expects gross domestic product to contract in Germany this year. The RWI – Leibniz Institute for Economic Research[2] is similarly pessimistic; economic experts there point in particular to the weak level of demand due to the energy crisis and tight monetary policy. Furthermore, many companies are still struggling with ongoing supply bottlenecks and increasingly also with a shortage of employees.

The resultant uncertainty is reflected in the ifo Business Climate Index which, having risen at the beginning of the year, lost ground again in the second quarter of 2023[3]. According to the OECD, Germany now risks becoming one of the industrialised economies with the weakest performance worldwide. Only Argentina and Russia were set to report an even weaker economic performance, according to the latest forecast by the OECD experts[4].

IT sector adversely affected by lack of growth momentum

This economic stagnation has also left its mark on the German IT sector. Bitkom, the sector association, halved its full-year growth forecast at the beginning of July[5]. It now expects IT revenues in Germany to grow by 3.0%; six months earlier, it still forecast sales growth of 6.3%. With budgeted growth of 7% to 10%, our company will once again outperform the overall market in the current year. We also expect the macroeconomic climate to recover in the quarters ahead.

Earnings Performance

High share of recurring revenues

Our revenues rose by 11% to € 46.4 million in the past quarter. Of these, 74% were of a recurring nature, while 58% were generated in the three focus sectors of retail, logistics, and manufacturing. With the 2025 Strategy, we are creating new points of contact for expanding the business in select sectors and building long-standing customer relationships.

[1] https://www.ifw-kiel.de/publications/media-information/2023/weak-winter-pushes-economy-into-negative-territory-2023/.
[2] https://www.rwi-essen.de/presse/wissenschaftskommunikation/pressemitteilungen/detail/rwi-konsum-zieht-deutsche-wirtschaft-im-naechsten-jahr-zurueck-ins-plus (only available in German).
[3] https://www.ifo.de/en/facts/2023-06-26/ifo-business-climate-index-declines-june-2023.
[4] https://www.oecd.org/economic-outlook/june-2023/.
[5] https://www.bitkom.org/Presse/Presseinformation/Halbjahres-Konjunktur-Digitalbranche-waechst-stabil#_ (only available in German).

Gross profit rises by 20%

The rate of growth in cost of revenues slowed in the second quarter of 2023, with this line item rising year-on-year by 9% to € 38.2 million. As explained upon publication of the 2022 Annual Report, our company will have to absorb significantly higher electricity, personnel and licence expenses in the current year. It will only be possible to charge these on to customers, if at all, then at a later point in time. Thanks to this slower cost growth, gross profit rose year-on-year by 20% to € 8.3 million in the year under report.

Sales and marketing expenses fell to € 3.4 million in the past quarter, down from € 3.6 million in the previous year's period. General and administrative expenses increased to € 3.9 million, up from € 3.2 million in the second quarter of 2022.

Positive EBITDA in second quarter of 2023

EBITDA amounted to € 1.0 million in the second quarter of 2023, as against € 1.4 million in the previous year's period. Compared with the first quarter of 2023, this key figure improved by € 2.3 million, indicating the success of the 2025 Strategy initiated in spring 2023.

Amortisation and depreciation fell year-on-year by € 0.6 million to € 3.4 million in the quarter under report. Of this sum, € 0.9 million related to IFRS 16 lease liabilities (Q2 2022: € 1.1 million). This led to EBIT of € -2.3 million in the second quarter of 2023, as against € -2.6 million in the previous year's period. Deducting the financial result and taxes on income produced consolidated net income of € -2.7 million, compared with € -3.1 million in the second quarter of 2022.

Earnings Performance by Segment

Double-digit growth and double-digit segment margin in Cloud business

Revenues in the "Cloud" segment grew year-on-year by 11% to € 37.6 million in the second quarter of 2023. Quarterly cost of revenues rose year-on-year by 9% to € 30.5 million, an increase which particularly reflected the higher electricity, personnel and licence expenses. Irrespective of this, gross profit improved by 25% to € 7.1 million. Given a slight decrease in sales and marketing expenses, this resulted in a segment contribution of € 4.4 million, compared with € 2.8 million in the previous year's period. The segment margin for the quarter under report rose year-on-year by 4 percentage points to 12%.

Rising SAP revenues

Revenues in the "SAP" segment grew to € 8.8 million, up 6% on the previous year's period. Cost of revenues rose over the same period by 8% to € 7.7 million. Despite improved use of internal resources, the rise in revenues made the deployment of external experts unavoidable in some projects. The higher expenses incurred for external specialists meant that, at € 1.1 million, gross profit in the second quarter of 2023 fell slightly short of the previous year's figure of € 1.2 million. The segment contribution was unchanged at € 0.5 million.

Financial and Asset Position

Significant improvement in free cash flow

Our company has no liabilities to banks and finances its growth from liquid funds. As of 30 June 2023, we had net liquidity of € 35.9 million, compared with € 37.0 million as of 31 March 2023.

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. No such payments were incurred in the second quarter of 2023, as a result of which the free cash flow amounted to € -1.1 million, as against € -1.9 million in the previous year's period.

A comparison of the figures for the respective six-month periods underlines the progress made in boosting the company's financial strength: in the first half of the current financial year, the free cash flow was neutral, i.e. € 0.0 million. At the same point in the previous year, this key figure still stood at € -3.5 million. The positive development in the free cash flow has benefited from the continued low volume of capital expenditure, excluding IFRS 16 items. A total of € 1.1 million was invested in the second quarter of 2023 (Q2 2022: € 0.1 million).

Solid financing: liquid funds unchanged at € 36.4 million

As already outlined, the improvement in the free cash flow is attributable to optimised receivables management. As of 30 June 2023, trade receivables came to € 32.4 million, as against € 39.7 million

The free cash flow was neutral, i.e. stood at € 0.0 million, in the first half of 2023 – and was thus markedly higher than the previous year's figure of € -3.5 million.

at the end of 2022. Together with cash and cash equivalents, which were unchanged at € 36.4 million, these account for a major share of the current assets stated in the consolidated balance sheet as of 30 June 2023. Overall, current assets amounted to € 80.0 million, compared with € 86.7 million as of 31 December 2022.

Non-current assets totalled € 70.6 million as of 30 June 2023, as against € 74.3 million at the end of 2022. The difference is largely due to depreciation, particularly of property, plant and equipment, and amortisation of other intangible assets.

Equity ratio of 72%

Equity decreased to € 107.9 million as of 30 June 2023, down from € 115.7 million at the balance sheet date at the end of 2022, with this reduction being due to negative consolidated net income. At 72%, the equity ratio remained high. Non-current liabilities changed only slightly compared with the 2022 balance sheet date and stood at € 13.8 million (31 December 2022: € 14.5 million). Current liabilities also showed a slight decrease, in this case from € 30.9 million at the end of 2022 to € 28.9 million.

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 2022 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 interim group report represent forward-looking statements. They are based on current expectations and forecasts concerning future events and may therefore change over time.

Outlook

Raising of free cash flow forecast

As presented under "Business Performance", we are raising the full-year forecast for the free cash flow to up to € -4 million from previously up to € -8 million. At the same time, we can confirm the forecasts for revenues (€ 185 million to € 191 million) and EBITDA (€ 5 million to € 7 million). With regard to the EBITDA forecast, it should be noted that, as in previous years, this also includes the other operating result. Irrespective of this, consistent implementation of the 2025 Strategy will result in rising profitability in the coming quarters already.

Interim Consolidated Financial Statements

Consolidated Statement of Comprehensive Income (unaudited)

€ 000s	2023 01/04/–30/06/	2022 01/04/–30/06/	2023 01/01/–30/06/	2022 01/01/–30/06/
Revenues	**46,445**	**42,018**	**93,030**	**83,259**
Cost of revenues	(38,162)	(35,089)	(78,789)	(70,495)
Gross profit	**8,283**	**6,929**	**14,241**	**12,764**
Sales and marketing expenses	(3,445)	(3,560)	(7,026)	(6,127)
General and administrative expenses	(3,931)	(3,200)	(7,732)	(6,862)
Depreciation and amortisation				
(including share-based remuneration)	(3,371)	(3,994)	(6,675)	(8,089)
Other operating income	154	1,383	360	2,938
Other operating expenses	(24)	(123)	(72)	(461)
Operating earnings (EBIT)	**(2,334)**	**(2,565)**	**(6,904)**	**(5,837)**
Financial income	141	9	209	53
Financial expenses	(60)	(25)	(117)	(49)
Income from associates	(157)	(257)	(346)	(467)
Earnings before taxes	**(2,410)**	**(2,838)**	**(7,158)**	**(6,300)**
Income taxes	(299)	(256)	(586)	(297)
Consolidated net income	**(2,709)**	**(3,094)**	**(7,744)**	**(6,597)**
Other comprehensive income	-	-	-	-
Total comprehensive income	**(2,709)**	**(3,094)**	**(7,744)**	**(6,597)**
Attribution of consolidated net income and				
total comprehensive income				
Owners of the parent company	(3,043)	(3,216)	(8,361)	(6,773)
Non-controlling interests	334	122	617	176
Attribution of consolidated net income and				
total comprehensive income	**(2,709)**	**(3,094)**	**(7,744)**	**(6,597)**
Earnings per share (basic) in €	(0.03)	(0.03)	(0.07)	(0.05)
Earnings per share (diluted) in €	(0.03)	(0.03)	(0.07)	(0.05)

Consolidated Statement of Cash Flows (unaudited)

€ 000s	2023 01/01/ – 30/06/	2022 01/01/ – 30/06/
Cash flow from operating activities		
Earnings before taxes	(7,158)	(6,300)
Depreciation and amortisation of non-current assets	4,989	6,212
Depreciation of right-of-use assets (IFRS 16)	1,727	2,073
Other non-cash income and expenses	46	(46)
Profit from sale of financial assets recognised at equity	-	(25)
Profit from retirement of assets	(2)	(9)
Income taxes paid	(127)	(9)
Income taxes received	2	-
Interest received	201	51
Interest paid in connection with leases (IFRS 16)	(112)	(43)
Net financial expenses	(92)	(4)
Income from associates	346	467
Changes in provisions	(721)	(2,588)
Changes in trade receivables	6,354	(4,183)
Changes in trade payables	(3,919)	7,765
Changes in other assets and liabilities	889	(4,163)
Cash flow from operating activities	**2,423**	**(802)**
Cash flow from investing activities		
Payments for purchase of intangible assets	(10)	(263)
Payments for purchase of property, plant and equipment	(1,588)	(118)
Payments for purchase of a subsidiary, less liquid funds thereby acquired	-	(8,471)
Proceeds from sale of property, plant and equipment	855	32
Proceeds from sale of financial assets recognised at equity	-	134
Cash flow from investing activities	**(743)**	**(8,686)**
Cash flow from financing activities		
Repayments of convertible bonds	-	(1)
Interest paid	-	(1)
Repayments of lease liabilities	(1,676)	(2,468)
Cash flow from financing activities	**(1,676)**	**(2,470)**
Change in cash and cash equivalents	**4**	**(11,958)**
Cash and cash equivalents as of 1 January	36,388	56,700
Cash and cash equivalents as of 30 June	**36,392**	**44,742**

Consolidated Balance Sheet

€ 000s	30/06/2023 (unaudited)	31/12/2022 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	19,260	21,113
Land and buildings	16,303	16,662
Goodwill	15,854	15,854
Right-of-use assets	7,807	7,802
Other intangible assets	3,895	5,074
Financial assets recognised at equity	4,931	5,277
Prepayments	1,432	1,464
Other non-current assets	1,120	1,068
Non-current assets	**70,602**	**74,314**
Current assets		
Trade receivables	32,427	39,681
Prepayments	7,558	6,667
Inventories	230	217
Other current assets	3,430	3,793
Cash and cash equivalents	36,392	36,388
Current assets	**80,037**	**86,746**
TOTAL ASSETS	**150,639**	**161,060**

€ 000s	30/06/2023 (unaudited)	31/12/2022 (audited)
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Issued capital	124,579	124,579
Capital reserve	144,084	144,084
Other reserves	(319)	(319)
Accumulated deficit	(161,564)	(153,203)
Equity attributable to owners of parent company	**106,780**	**115,141**
Non-controlling interests	1,127	510
Shareholders' equity	**107,907**	**115,651**
Liabilities		
Non-current liabilities		
Trade payables	750	750
Lease liabilities	4,934	5,009
Other financial liabilities	5,186	5,686
Pension provisions	2,106	2,312
Other provisions	834	780
Non-current liabilities	**13,810**	**14,537**
Current liabilities		
Trade payables and other liabilities	20,802	23,898
Lease liabilities	2,865	2,731
Other provisions	1,035	1,604
Tax provisions	2,597	2,155
Deferred income	1,623	484
Current liabilities	**28,922**	**30,872**
Liabilities	**42,732**	**45,409**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**150,639**	**161,060**

Consolidated Statement of Changes in Equity (unaudited)

€ 000s	Equity attributable to equity holders of q.beyond AG			
	Issued capital	Capital reserve	Other reserves (Actuarial losses)	Accumulated deficit
Balance as of 1 January 2023	**124,579**	**144,084**	**(319)**	**(153,203)**
Total comprehensive income	-	-	-	(8,361)
Balance as of 30 June 2023	**124,579**	**144,084**	**(319)**	**(161,564)**
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)**

Total	Non-controlling interests	Total equity	
115,141	**510**	**115,651**	**Balance as of 1 January 2023**
(8,361)	617	(7,744)	Total comprehensive income
106,780	**1,127**	**107,907**	**Balance as of 30 June 2023**
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**

Notes to the Interim Consolidated Financial Statements

Company information

q.beyond AG (hereinafter also "q.beyond") is the key to successful digitalisation. We help our customers find the best digital solutions for their business and then put them into practice. Our strong team of 1,100 people accompanies SME customers securely and reliably throughout their digital journey. We are experts in Cloud, SAP, Microsoft, data intelligence, security and software development. With locations throughout Germany, as well as in Latvia and in Spain, and its own certified data centres, q.beyond 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 Richard-Byrd-Strasse 4, 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 2022.
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 2023 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 2022 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 2023 financial year onwards have not had any implications for the interim consolidated financial statements as of 30 June 2023.

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 2022.
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 7 August 2023.

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:

Subsidiary, domicile, country	**Shareholdings in %**
q.beyond Consulting Solutions GmbH, Augsburg, Germany	100
(previously: datac Kommunikationssysteme GmbH)	
q.beyond Cloud Solutions GmbH, Cologne, Germany	100
(previously: scanplus GmbH)	
SIA Q.BEYOND, Riga, Latvia	100
q.beyond ibérica S.L., Jerez de la Frontera, Spain	100
q.beyond logineer GmbH, Bremen, Germany	51
productive-data GmbH, Hamburg, Germany	51

The Spanish subsidiary q.beyond ibérica S.L. was formally founded in December 2022 and launched its business operations as of 1 February 2023.
The subsidiary q.beyond Cloud Solutions GmbH was merged with q.beyond AG in July 2023 and with economic effect as of 1 January 2023.

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 the fair values.

€ 000s	Carrying amount	Amortised cost	Fair value – in equity	Fair value – hedging instruments	Fair value – through profit or loss
30 June 2023					
Assets not measured at fair value					
Cash and cash equivalents	36,392	•			
Receivables from finance leases	478	•			
Current trade receivables	32,427	•			
Liabilities not measured at fair value					
Trade payables and other liabilities	18,531	•			
Contract liabilities	369	•			
Lease liabilities	7,799	•			
Other financial liabilities	8	•			
Liabilities measured at fair value					
Other financial liabilities	5,178				•

€ 000s	Carrying amount	Amortised cost	Fair value – in equity	Fair value – hedging instruments	Fair value – through profit or loss
31 December 2022					
Assets not measured at fair value					
Cash and cash equivalents	36,388	•			
Receivables from finance leases	486	•			
Current trade receivables	39,681	•			
Liabilities not measured at fair value					
Trade payables and other liabilities	17,748	•			
Contract liabilities	178	•			
Lease liabilities	7,740	•			
Other financial liabilities	508	•			
Liabilities measured at fair value					
Other financial liabilities	5,178				•

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 2023 to 30 June 2023.

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	
	2023 01/01/ – 30/06/	2022 01/01/ – 30/06/	2023 01/01/ – 30/06/	2022 01/01/ – 30/06/	2023 01/01/ – 30/06/	2022 01/01/ – 30/06/
Segments						
Cloud	71,560	62,256	2,952	3,461	74,512	65,717
SAP	18,312	17,265	206	277	18,518	17,542
Total	**89,872**	**79,521**	**3,158**	**3,738**	**93,030**	**83,259**

	Revenues in € 000s		Revenues in %	
	2023 01/01/ – 30/06/	2022 01/01/ – 30/06/	2023 01/01/ – 30/06/	2022 01/01/ – 30/06/
Sectors				
Retail	27,185	29,026	29.2%	34.9%
Logistics	10,200	8,621	11.0%	10.3%
Manufacturing	17,425	15,063	18.7%	18.1%
Other	38,220	30,549	41.1%	36.7%
Total	**93,030**	**83,259**	**100.0%**	**100.0%**

5 Segment reporting

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

Cloud. The services offered in the "Cloud" segment have as their centrepiece the provision of a flexibly adaptable, networked and secure IT structure. The portfolio ranges from turnkey cloud modules to digital workplaces facilitating networked mobile work to individual IT outsourcing services. Private cloud solutions are just as feasible as hybrid concepts which, depending on the tasks to be performed, can integrate different cloud infrastructures and services, as well as cloud applications from various providers. These services are supplemented by a wide spectrum of scalable security solutions, data intelligence services and applications development. Software development covers cloud-native applications, IoT solutions and mobile apps. Consistent with the 2025 Strategy, consulting is also playing an ever greater role in the cloud environment.

SAP. This segment focuses on offering services relating to the deployment of SAP software. Together with customers, roadmaps are devised and implemented, existing systems converted, and processes automated. The portfolio includes SAP consulting, applications management, hosting, and basic operations. Additional services include maintenance, licence management and, if SAP managed services are selected, full packages including software and hardware.

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	SAP	Group
01/04/ – 30/06/2023			
Revenues	**37,601**	**8,844**	**46,445**
Cost of revenues	(30,456)	(7,706)	(38,162)
Gross profit	**7,145**	**1,138**	**8,283**
Sales and marketing expenses	(2,773)	(672)	(3,445)
Segment contribution	**4,372**	**466**	**4,838**
General and administrative expenses			(3,931)
Depreciation and amortisation (including share-based remuneration)			(3,371)
Other operating income and expenses			130
Operating earnings (EBIT)			**(2,334)**
Financial income			141
Financial expenses			(60)
Income from associates			(157)
Earnings before taxes			**(2,410)**
Income taxes			(299)
Consolidated net income			**(2,709)**

€ 000s	Cloud	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	SAP	Group
01/01/ – 30/06/2023			
Revenues	**74,512**	**18,518**	**93,030**
Cost of revenues	(62,913)	(15,876)	(78,789)
Gross profit	**11,599**	**2,642**	**14,241**
Sales and marketing expenses	(5,656)	(1,370)	(7,026)
Segment contribution	**5,943**	**1,272**	**7,215**
General and administrative expenses			(7,732)
Depreciation and amortisation (including share-based remuneration)			(6,675)
Other operating income and expenses			288
Operating earnings (EBIT)			**(6,904)**
Financial income			209
Financial expenses			(117)
Income from associates			(346)
Earnings before taxes			**(7,158)**
Income taxes			(586)
Consolidated net income			**(7,744)**

€ 000s	Cloud	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)**

Revenues for the first half of 2023 include revenues of € 1,261k with non-German EU customers (mainly Austria [€ 542k], Malta [€ 315k] and the Netherlands [€ 190k]), as well as € 1,896k with non-EU customers (mainly UK [€ 1,641k] and Switzerland [€ 238k]); all other revenues were generated in Germany. In the first half of the 2023 financial year, two customers at the overall Group accounted for more than 10% of consolidated revenues (15% and 13% respectively). Of the revenues with these two major customers, 91% are reported in the Cloud segment, and 9% in the SAP segment.

6 Cash flow from financing activities

Financial liabilities developed as follows:

€ 000s	01/01/2023	Cash-effective changes	Non-cash-effective changes	Retirements	30/06/2023
Financial liabilities					
Long-term loans	500	-	(500)	-	-
Lease liabilities	7,740	(1,788)	1,847	-	7,799
Financial liabilities	**8,240**	**(1,788)**	**1,347**	**-**	**7,799**

7 Issued capital

Issued capital amounted to € 124,579,487 as of 30 June 2023 and was unchanged compared with 31 December 2022. It comprised 124,579,487 no-par registered ordinary shares.

8 Legal disputes

Neither q.beyond AG nor its group companies are involved in any court or arbitration proceedings which could have any material impact on their economic positions.

9 Related party disclosures

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.
A sale and transfer agreement was concluded between q.beyond AG and Teleport GmbH, domiciled in Cologne, on 31 January 2023. Dr. Bernd Schlobohm and Gerd Eickers, two members of the Supervisory Board of q.beyond AG, indirectly hold more than 90% of the shares in Teleport GmbH.
The object of the agreement is the exclusive, unrestricted transfer to Teleport GmbH of the rights of use to and all source codes used in the development of the “Edgizer” product, the assumption of all obligations on the part of q.beyond AG towards customers at which the product is already in use, of contractual obligations in connection with three developers previously in fixed employment at q.beyond AG and of an external consultant, and of all obligations for current projects financed by grants that have been initiated in connection with Edgizer. The consideration agreed involved payment of a symbolic amount of € 1 and percentage-based participation in the profit generated by Teleport from marketing the Edgizer product in each of the financial years from 2023 to 2025. By separate agreement dated 12 April 2023, q.beyond AG additionally sold various Edgizer hardware components to Teleport GmbH for a total price of € 53k.
The basis for these sales transactions is provided by a Management Board resolution dated October 2022 stipulating that q.beyond would no longer invest in developing proprietary software-as-a-service products and would also no longer promote the further development and sale of products already on sale, but rather discontinue these activities in full.
The Supervisory Board approved the transactions in each case. Having disclosed a conflict of interest, the Supervisory Board members Dr. Bernd Schlobohm and Gerd Eickers did not participate in the respective votes.
Since the beginning of 2023, the company has no longer upheld any business relationship with QS Communication Verwaltungs Service GmbH, Cologne, a company whose shareholders include members of q.beyond’s Supervisory Board.

10 Management Board

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

	Shares		Conversion rights	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Jürgen Hermann (until 31 March 2023)	-	1,000,000	-	150,000
Thies Rixen (since 1 October 2022)	300,000	-	-	-
Nora Wolters (since 1 January 2023)	-	-	-	-

11 Supervisory Board

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

	Shares	
	30/06/2023	30/06/2022
Dr. Bernd Schlobohm, Chair	15,769,910	15,769,910
Dr. Frank Zurlino, Deputy Chair	10,000	10,000
Gerd Eickers	15,777,484	15,777,484
Ina Schlie	50,000	50,000
Matthias Galler[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.

12 Events after balance sheet date

No events after the balance sheet date require report here.

Cologne, August 2023

q.beyond AG
The Management Board

Thies Rixen   Nora Wolters

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 2023

q.beyond AG
The Management Board

Thies Rixen

Nora Wolters

Calendar

Quarterly Statement
13 November 2023

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