q.beyond
expect the next

Annual Report 2022

Further revenue growth thanks to strong Cloud business

Key figures

€ million	2022	2021
Revenues	173.0	155.2
Cloud & IoT	139.2	113.7
SAP	33.8	41.5
EBITDA	5.4	31.7
Depreciation and amortisation[1, 2]	37.7	16.5
EBIT	(32.3)	15.2
Consolidated net income	(33.1)	9.8
Earnings per share[3] (in €)	(0.27)	0.08
Capital expenditure[4]	3.0	8.1
Free cash flow	(9.7)	33.2
Net liquidity[5]	35.9	56.2
Shareholders' equity[5]	115.7	147.4
Equity ratio[5] (in %)	71.8	73.6
Xetra closing price[5] (in €)	0.77	1.96
Number of shares[5]	124,579,487	124,579,487
Market capitalisation[5]	95.9	244.2
Number of employees[5]	1,112	1,139

[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 31 December.

2022

Numerous advances

q.beyond gained additional customers, expanded its portfolio, acquired a further IT specialist and improved its sustainability performance.

Our well-focused business model is crisis resistant. That is documented by the 11-percent growth in revenues in 2022, a year of great macroeconomic uncertainty. Revenues and EBITDA all but met their forecast targets despite projects being postponed due to the economic backdrop. And record new orders in the amount of € 227.8 million underline our resistance to the crisis.

-50%
emissions

CO_2

q.beyond has halved its CO_2 emissions in just two years and is thus moving ever closer to its target of becoming climate neutral from 2025 onwards.

“Top Employer”
Attractiveness as employer enhanced

q.beyond remained one of Germany’s best employers in 2022. In the ranking compiled by the Top Employers Institute, our company again achieved a notably better result than in the year before. Areas in which we made particularly clear progress included further training and employee satisfaction, as well as diversity and inclusion.

New customer
Digital workplaces for the BVR

In early 2022, the National Association of German Cooperative Banks (BVR) launched operations with the complete “Microsoft 365” office suite. Based on a customised roadmap, q.beyond accompanied this transformation as the lead partner. One key focus was on proactively accompanying change processes towards modern workplaces.

Sustainability
Great advance in decarbonisation

CO_2 emissions down 50% in just two years: no other key figure in the 2021 Sustainability Report offers such impressive evidence of the speed at which we are heading for climate neutrality. Since 2022, our progress has been further boosted by largely avoiding domestic air travel and converting the company vehicle fleet to electric cars.

>150
cloud specialists

24/7
System Operations Center

In 2022, we pooled our expertise in the fast-growing hybrid cloud business into a "Cloud Competence Center". Alongside this, the company's own "System Operations Center" is permanently available if needed as a point of contact for customers for all questions about public, private or hybrid clouds.

Top grade
SAP services are "Best in Class"

Market researchers at PAC awarded the highest possible assessment – "Best in Class" – for our SAP services for SME customers last year. The study investigated the whole of the SAP provider market in Germany. Among other factors, q.beyond's superb score was driven by above-average customer assessments.

Partnership
Hybrid cloud is the way ahead

Since August 2022, Google has joined Amazon, Microsoft as one of q.beyond's partners. Based on our customers' needs, we combine the services offered by these major public cloud providers with private cloud resources at our data centres and manage the bespoke hybrid cloud solutions in our "Cloud Competence Center" specially established for this purpose.

Private cloud
Jeweller Wempe places its trust in q.beyond

In 2022, Hamburg-based jeweller Wempe moved its IT landscape to our private cloud. To this end, we provided resources in our certified high-security data centres in Germany. Not only that: we are supporting the long-established company in modernising its IT landscape and making it even more flexible.

Data
analytics

Taking over a majority stake in productive-data extends our expertise in analysing and processing data.

Marketing

Strong presence at Digital X 2022

Digital X 2022, the world fair for digitalisation, drew around 50,000 participants to downtown Cologne in 2022. With its SAP information hub, q.beyond was an exclusive exhibition partner to Deutsche Telekom and the first port of call for SAP topics in the SME sector. And q.beyond's brand house offered insights into our diverse portfolio of services.

Personnel

Closing the gender pay gap

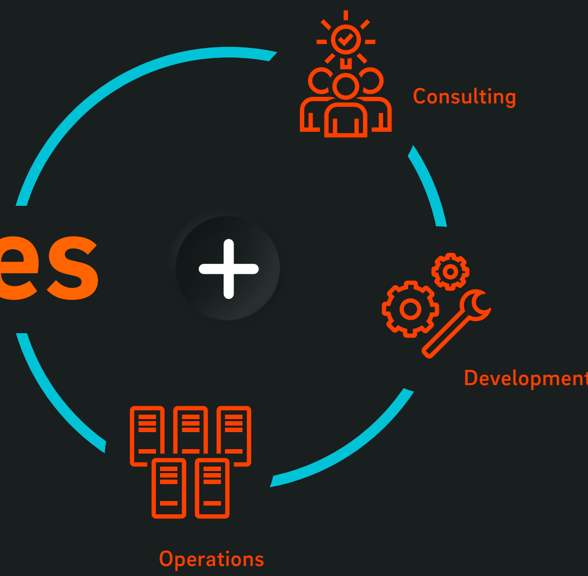
Equal pay for equal work at q.beyond, regardless of your gender. The final discrepancies still in place were largely ironed out in autumn 2022. This was preceded by an extensive survey of women's and men's pay for comparable activities, which first revealed the gender pay gaps still in place at the company.

Data analytics

Acquisition of majority stake in productive-data

In the fourth quarter, q.beyond acquired 51% of the shares in Hamburg-based productive-data. Founded in 2008, this data analytics specialist focuses on introducing, enhancing and operating data warehousing solutions in the retail, financial services and digital sectors. It has added a further module to our portfolio of services.

IT services



The future of q.beyond's business model is in consulting, development and operations – that's the conviction of Thies Rixen, our COO and soon to be our CEO starting 1 April 2023.

Strategy

Greater focus on profitability

Given the macroeconomic downturn, the Management Board adjusted q.beyond's growth strategy in autumn 2022. The focus is now on business fields that will operate profitably even in the event of a recession. Proprietary software-as-a-service applications will no longer be marketed. Customised solutions for existing applications are now in centre stage.

New COO becomes CEO

Thies Rixen joins the Management Board

An experienced IT manager, Thies Rixen joined q.beyond in 2019 and has subsequently headed sales and the Cloud business, which, under his management, has become q.beyond's key growth driver. As a Management Board member (COO) since 1 October 2022, he has focused on consulting and development. Starting April 2023 Rixen will be the company's new CEO.

Change of guard

Successor found for Jürgen Hermann

Based on Supervisory Board resolutions, COO Thies Rixen will become the new CEO, and Nora Wolters the new CFO. A seasoned finance expert, Wolters was previously Commercial Director at Verkehrsbetriebe Hamburg-Holstein. Jürgen Hermann, CEO to date, was closely involved in this succession solution and will leave q.beyond end of March '23 after 10 years at the helm.

Consulting

We compile the right roadmaps for our customers to digitalise their business models. Based on our familiarity with their needs and analysis of their application landscapes and processes.

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Nora Wolters
CFO q.beyond AG

Thies Rixen
CEO q.beyond AG
starting April 2023

“The preeminent task for us in the years ahead is to underpin q.beyond’s sturdy revenue growth with earnings and financial strength to match.”

Dear Shareholders,

To assess the strength of q.beyond's growth, you need look no further than our revenue performance in recent years. The preeminent task for us in the years ahead is to underpin this sturdy growth with earnings and financial strength to match. Our company will generate a positive free cash flow starting in 2024 and positive consolidated net income starting in 2025.

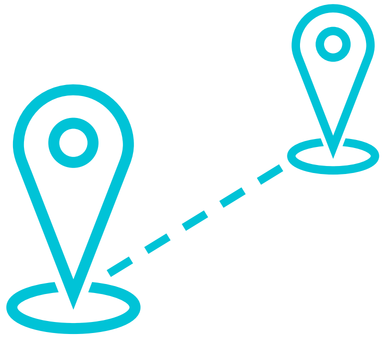
Those are two of the four core targets in our "Strategy 2025". They are backed up by revenue growth averaging 7% to 8% a year and an EBITDA margin of 7% to 8% in 2025. These targets are ambitious but achievable. We are laying the foundation in the current year, above all by further developing our business model, making our sales activities more effective and implementing the "One q.beyond" project.

Expanding consulting and development expertise

While transforming itself into an IT service provider, q.beyond has since 2019 built up a good market position in its IT operations business. Today, we offer private and public cloud solutions, as well as hybrid concepts that integrate various cloud infrastructures and services. In further developing our business model, we will take targeted measures to expand our consulting and development expertise.

We are not starting from scratch. Today's q.beyond already employs a triple-digit number of consultants, most of whom have backgrounds in SAP and Microsoft. We are now drawing on their expertise to enter into conversation with customers at an earlier stage. In IT modernisation workshops, for example, our specialists assess the current status of customers' IT landscapes and work with them to define a shared vision of their future IT. We have already successfully accompanied SMEs in formulating digitalisation strategies and deriving specific work plans on this basis. Offerings of this kind increase our chances of matching customers' requirements with our expertise in development and operations from the outset.

We can also build on existing expertise in our development activities. In recent years, we have systematically extended our software expertise, giving us the capacity to adapt existing applications to customers' requirements and to develop new software tools. We will now increasingly market this expertise as well and thus generate high-margin revenues in both development and operations in the years ahead. Experience shows that applications are operated by those who developed them. Our target is to generate half our revenues with consulting and development in 2025. Today, these activities account for just under a third of our revenues.



Targets
in our strategy

1. **Average revenue growth of 7% – 8%**
2. **EBITDA margin of 7% – 8% for 2025**
3. **Positive free cash flow starting 2024**
4. **Consolidated net income starting 2025**

Optimising business models with the assistance of applications

Consulting + development + operations = IT services+. That is the formula driving q.beyond's future business model. There is hardly any other independent IT service provider in Germany that is able to offer a comparably comprehensive range of support to SMEs in their digitalisation and work with them to optimise their business models with the assistance of applications. To enhance orientation, we have systematised our portfolio of services. In future, there will be six key focuses: SAP, Microsoft, Custom Code, Cloud, IT Security and Data Analytics. Custom Code involves developing applications on behalf of and with customers.

In future, we will market this portfolio of services via two channels. In our direct sales, we will continue to focus on the total of around 8,000 larger SMEs in Germany and work with them to develop, implement and operate suitable IT solutions. By expanding our indirect sales, we will also address the target group of smaller SMEs more effectively than previously. Here, we are working with partners such as Telekom Deutschland. The technical implementation has been and will be based on the highly scalable cloud platform acquired from the former scanplus at the end of 2021. Since the beginning of 2023, this company has operated under the name of q.beyond Cloud Solutions.

"One q.beyond" accelerates integration of subsidiaries

In the current financial year, we will also more closely integrate other recently acquired IT specialists into the company. "One q.beyond" will give rise to a uniform sales and external presence. Within the company, we will eliminate remaining duplications of functions and centralise administrative activities as far as possible. "One q.beyond" is thus a decisive building block to simultaneously boost our growth and our earnings strength.

These efficiency enhancements are not yet visible in the guidance for 2023. Our forecast is based on revenues growing to between € 185 million and € 191 million, an EBITDA of € 5 million to € 7 million, and free cash flow of up to € -8 million. Three factors, however, will prevent us from achieving higher EBITDA: increased electricity costs to operate our data centres, higher personnel expenses due to inflation, and higher licence expenses, particularly for SAP and Microsoft. Together, these factors account for costs on a scale of € 5 million to € 7 million. EBITDA will then rise significantly starting in 2024.

Our people are paving the way to higher growth and earnings in their daily work. We would like to thank all of q.beyond's team very warmly for its great commitment and for the openness with which we, the new Management Board team, have been welcomed. We also owe a particular thank-you to our colleague on the Management Board, Jürgen Hermann, who will leave the company on 31 March 2023 after more than 25 years. Under his management, q.beyond was transformed into a full IT service provider.

Building fresh confidence among investors

Our company's successful transformation has not been accurately reflected in q.beyond's recent share price performance, and neither was it in the past financial year; at times, the price of our shares in 2022 was lower than at any point since the 2009 recession. q.beyond was unable to escape the global downturn in stock market prices in the wake of Russia's attack on Ukraine. One of our core tasks will be to gain renewed trust from investors.

To this end, we will maintain our intensive investor relations activities and convince investors with the progress in our operating business. As said, the targets we have planned are ambitious but achievable. We will be judged by the extent to which we achieve them. We would like to thank you, our shareholders, for your loyalty and look forward to entering into dialogue with you – hopefully no later than at the Annual General Meeting in Cologne at the end of May.

Cologne, 28 March 2023

Thies Rixen
Board member

Nora Wolters
Board member

The Management Board

Thies Rixen
Chief Operating Officer
Chief Executive Officer starting 1 April 2023

A graduate in business administration, COO Thies Rixen (*1972) has been a member of our company's Management Board, where he bears overall responsibility for Sales and Operations, since 1 October 2022. Here, he can draw on extensive management and IT expertise gained in senior positions at companies such as DXC and Deutsche Telekom, as well as in his role as CIO and Managing Director at the Ingenico Group. Thies Rixen joined q.beyond in 2019 and has since turned the Cloud business into its key growth driver. In particular, he has extended q.beyond's hybrid cloud competence, knowing that this would meet the future needs of SME customers. In view of his exceptional achievements in the past years, in December 2022 the Supervisory Board appointed him to succeed the retiring CEO Jürgen Hermann.

Nora Wolters
Chief Financial Officer
since 1 January 2023

In Nora Wolters (*1974), q.beyond has gained a qualified banker, holder of an MBA and experienced manager as its Chief Financial Officer. In her career to date, Nora Wolters has already held various c-level management positions, most recently as Commercial Director at Verkehrsbetriebe Hamburg-Holstein, with around 2,300 employees the second-largest local transport company in Northern Germany, until the end of 2022. As a results-driven and decisive financial expert, she can draw on extensive experience in topics such as digitalisation, process optimisation, and change management. At q.beyond, she is responsible for areas including Finance, People & Culture, Legal and Investor Relations and is thus the first point of contact for our shareholders.

Jürgen Hermann
Chief Executive Officer
until 31 March 2023

After nearly 10 years at the helm, Jürgen Herman (*1964), a q.beyond man from the very start, is leaving the company. Prior to this, he acted early and in close liaison with the Supervisory Board to agree the internal solution with Thies Rixen as his successor, thus handing over responsibility to the next generation. Under Jürgen Hermann's management, our company has successfully transformed itself in recent years from a telecommunications provider into one of Germany's largest independent IT service providers. A graduate in economics, Jürgen Hermann played a key role in organising the company's IPO in 2000, was appointed as CFO by the Supervisory Board in 2009 and succeeded the company's co-founder Dr. Bernd Schlobohm as CEO in 2013.

A two-member Management Board team will head up q.beyond starting April '23. Jürgen Hermann, CEO to date, was closely involved in planning this solution for his succession.

The Supervisory Board

With six members in total, the Supervisory Board comprises four shareholder and two employee representatives. Their terms in office will expire upon the conclusion of the Annual General Meeting for the 2022 financial year. The shareholder representatives will be standing for re-election at the Annual General Meeting in Cologne on 24 May 2023.

Dr. Bernd Schlobohm

Chairman

Dr. Schlobohm, who holds a doctorate in engineering, founded q.beyond in 1997, had the company publicly listed in April 2000, and then managed it as CEO until May 2013. Together with q.beyond's co-founder, Gerd Eickers, he is the largest shareholder. At the end of 2022, these two shareholders held a combined stake of 25% in q.beyond.

Gerd Eickers

q.beyond's second founder, Gerd Eickers, moved to the Supervisory Board in June 2004 after three years on the Management Board. In subsequent years, this graduate in economics played a major role in shaping the political framework for the German technology market, particularly in his capacity as President of the Association of Telecommunications and Value-Added Service Providers (VATM).

Martina Altheim

Martina Altheim, at the time Head of Central Process and Quality Management, joined the Supervisory Board as the second employee representative in July 2019. Since January 2020, the graduate in biology, who is based at q.beyond's location in Cologne, has been responsible for the company's Corporate Social Responsibility.

Dr. Frank Zurlino

Deputy Chairman

Dr. Zurlino, holder of a doctorate in business engineering, was elected to the Supervisory Board in May 2013. Formerly head of strategy consulting and development at IBM Deutschland, he is now Managing Partner at the international management consultancy Horn & Company.

Ina Schlie

An economics graduate, this long-standing head of the Group Tax Department at SAP has been a member of q.beyond's Supervisory Board since autumn 2012 and chairs its Audit Committee. The financial expert also sits on other supervisory boards and is a lecturer at LMU Munich.

Matthias Galler

In June 2018, q.beyond's workforce elected the Hamburg-based Works Council Chairman as a new member of the Supervisory Board. The IT specialist has worked at our company as a senior IT consultant since 2002.

Report of the Supervisory Board

Dr. Bernd Schlobohm
Supervisory Board Chairman

Dear Shareholders,

2022 was an extremely challenging year. Russia's attack on Ukraine and the subsequent surge in inflation and economic downturn have changed the global macroeconomic framework. Our company and its shares were unable to escape the consequences. Given the significant fall in the share price, we are particularly grateful to all our shareholders for continuing to place their trust in our company. We would also like to thank the whole of q.beyond's team for its dedication.

In what follows, we inform you about the activities of the Supervisory Board in the 2022 financial year.

Activities of the Supervisory Board

In the 2022 financial year, the Supervisory Board again performed all the duties incumbent on it by law and the Articles of Association. It continually monitored and advised the Management Board in its management of q.beyond AG and the Group. In particular, its supervision and advice also covered sustainability issues. The Supervisory Board was directly involved in all decisions and measures of material significance, particularly those impacting on the company's financial position, financial performance and cash flows. After careful consideration, it voted on all measures for which its consent is required by law, the Articles of Association and the Rules of Procedure of the Management Board.

The Supervisory Board also met regularly in the absence of the Management Board. At such meetings, the Supervisory Board addressed agenda items relating either to the Management Board or to internal Supervisory Board matters. At their joint meetings, the Supervisory and Management Boards discussed key aspects of the company's business policy and strategy, as well as its performance and planning. Moreover, the chairs of the two boards were in regular contact to discuss current company-related topics arising between Supervisory Board meetings.

The Management Board informed the Supervisory Board with regular, timely and detailed reports, both written and oral, about the company's business performance, and drew in particular on monthly and quarterly financial statements and rolling budget / actual comparisons. Specifically, these reports also included information about variances between the company's actual business performance and its internal planning and publicly communicated financial targets. The corresponding Management Board reports also contained all relevant information about the company's strategic development and planning, risk situation, risk management and compliance. All enquiries and requests for additional information by the Supervisory Board were promptly and thoroughly answered by the Management Board.

Topics addressed by the Supervisory Board

The main focuses of Supervisory Board meetings and resolutions in the 2022 financial year were:

1. Growth strategy
The Supervisory Board regularly addressed the progress made with implementing the company's growth strategy, mainly referring in this respect to the monthly and quarterly reports. It discussed "beyond 2022", i.e. the company's updated strategy, and the targets thereby set, with the Management Board. As 2022 progressed, it dealt in great detail with the adjustments required to account for the changed economic framework.

2. Acquisitions
One major component of the growth strategy involves acquisitions. Here, the Management Board kept the Supervisory Board regularly informed again in 2022 about potential takeover candidates and options for action. The Supervisory Board was involved at an early stage in all decisions in the past financial year and, on 25 October 2022, approved the takeover of a majority stake (51%) in the Hamburg-based data analytics specialist productive-data GmbH.

3. Addition to Management Board
By resolution dated 13 September 2022, the Supervisory Board appointed Thies Rixen to the Management Board for a three-year period as of 1 October 2022. An experienced IT manager, Rixen joined q.beyond in 2019 and has since managed the Cloud Solutions business and, more recently, sales as well.

4. CEO succession
On 7 December 2022, the Supervisory Board appointed Thies Rixen to be the Chief Executive Officer as of 1 April 2023. At the same meeting, it appointed Nora Wolters as the new Chief Financial Officer for a three-year period as of 1 January 2023. A financial expert with many years of experience, Wolters was previously Commercial Director at Verkehrsbetriebe Hamburg-Holstein. After nearly ten years in his position, the current CEO Jürgen Hermann will leave the company as of 31 March 2023, having previously acted early to agree this succession solution in close liaison with the Supervisory Board. The Supervisory Board regrets Jürgen Hermann's departure and would like to thank him very warmly for the decisive role he played in shaping the company over the past 25 years and for his exceptional achievements during this time.

Composition of the Supervisory Board

The Supervisory Board is composed in accordance with the requirements of the German Stock Corporation Act (AktG) and the German One-Third Participation Act (DrittelbG) and continues to comprise four shareholder and two employee representatives.

The shareholder representatives on the Supervisory Board are still its Chair, Dr. Bernd Schlobohm, and its Deputy Chair, Dr.-Ing. Frank Zurlino, as well as Gerd Eickers and Ina Schlie. The employee representatives are still Martina Altheim and Matthias Galler.

Supervisory Board meetings and committees

As well as four scheduled meetings, the Supervisory Board also held one unscheduled meeting in the 2022 financial year. Of these five meetings, three were held in person and one purely as a video conference. The remaining meeting was held with some Supervisory Board members attending in person and the others connected by video link. All members participated in all meetings. Where necessary, the Supervisory Board also adopted written resolutions on individual topics by circulating and approving the respective documents.

To assist it in its work, the Supervisory Board has formed four committees. These are the Human Resources Committee, the Audit Committee, the Nomination Committee and the Strategy Committee. Committee chairs regularly report to the full Supervisory Board on the work of their committees. All committee members attended all meetings of their respective committees in 2022.

The **Human Resources Committee** met on six occasions in the year under report, with one meeting being held in person and five as video conferences. Furthermore, one resolution was adopted in writing by circulating and approving the respective documents. As well as preparing the Supervisory Board's decisions concerning the target achievement of the Management Board member in the 2021 financial year and preparing the target agreement to be concluded with Jürgen Hermann for the 2022 financial year, the Human Resources Committee dealt in particular with the process of identifying new Management Board members and preparing resolutions in respect of the appointment of Thies Rixen and Nora Wolters as new Management Board members, the conclusion of the respective employment contracts, the short-term and long-term target agreements to be reached with Thies Rixen and Nora Wolters, and the premature departure of Jürgen Hermann. The company's Remuneration Report provides transparent disclosures on the agreements thereby reached. The committee still comprises the following members: Dr. Bernd Schlobohm (Chair), Martina Altheim and Gerd Eickers.

The composition of the **Audit Committee** is also unchanged; its members are Ina Schlie as its Chair, Dr. Bernd Schlobohm and Dr.-Ing. Frank Zurlino. Ina Schlie has specific expertise in auditing, accounting and sustainability. Dr. Schlobohm has specific expertise in auditing. The Audit Committee monitors the financial reporting process and may submit recommendations to safeguard its integrity. It also monitors the effectiveness of the internal control, risk management and internal audit systems, as well as compliance, and prepares all decisions required by the full Supervisory Board in this respect. The Audit Committee deals with the audit of the financial statements and is responsible for selecting and issuing the audit assignment to the auditor, as well as for monitoring the auditor's independence and audit quality. It decides whether the company may commission the auditor to provide non-audit services and, if applicable, monitors the auditor's provision of such services. The Audit Committee regularly held meetings with the auditors, also in the absence of the Management Board.

The Audit Committee held five meetings in the past financial year, with one meeting taking place in person and four meetings by video conference. It reviewed the documents relating to the annual and consolidated financial statements, including the dependent company report, for the 2021 financial year in the presence of the appointed auditor, Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, held in-depth discussions about these documents and the accompanying audit reports submitted by the auditor and subsequently adopted recommendations for the full Supervisory Board resolution on the annual and consolidated financial statements and their audit.

Prior to publication, the half-year financial report as of 30 June 2022 and the interim statements as of 31 March and 30 September 2022 were discussed with the Audit Committee.

Consistent with the resolution adopted by the Annual General Meeting, the Audit Committee awarded the assignment to audit the financial statements for the 2022 financial year and determined the audit fee. To prepare the audit of the financial statements, in November 2022 the Audit Committee dealt with the audit planning and audit focuses in the presence of the auditor responsible for the assignment. Key audit matters for the 2022 financial year included the goodwill impairment test, the allocation of the purchase price paid for the assets of q.beyond Cloud Solutions GmbH (previously scanplus GmbH), the recoverability of investments in associates and shareholdings, the accounting implications of the acquisition of the shareholding in productive-data GmbH, revenue recognition pursuant to IFRS 15, and documentation relating to the internal control system.

The Audit Committee regularly took receipt of reports from the Heads of Internal Audit and Compliance and of Investor Relations on their respective areas of activity. Furthermore, the Audit Committee addressed the risk reporting by the Management Board.

The task of the **Nomination Committee** is to propose suitable candidates to the full Supervisory Board for its nomination of candidates at any forthcoming election of shareholder representatives to the Supervisory Board at the Annual General Meeting. The composition of the Nomination Committee has not changed; its members are still Gerd Eickers (Chair) and Dr.-Ing. Frank Zurlino. The Nomination Committee held one meeting in 2022 financial year to prepare the scheduled election of Supervisory Board shareholder representatives by the Annual General Meeting on 24 May 2023. This meeting was held by video conference.

The composition of the **Strategy Committee** is also unchanged; its members are Dr. Bernd Schlobohm (Chair) and Dr.-Ing. Frank Zurlino. The Strategy Committee has a purely advisory function and addresses the strategic, and thus long-term, development of q.beyond AG. The committee met on three occasions in 2022, with all meetings held in person. It dealt in particular with potential acquisition targets, the further development of the product and service portfolio and the development and implementation of the “beyond 2022” growth strategy.

Corporate governance

The Supervisory Board continuously monitors the status and development in the German Corporate Governance Code and the implementation of the Code’s recommendations at q.beyond AG. At its meeting on 17 November 2022, the Supervisory Board acting together with the Management Board submitted its annually updated Declaration of Compliance pursuant to § 161 AktG with the recommendations made in the Code version dated 16 December 2019 and, since its applicability, the Code version dated 28 April 2022. At its meeting on 7 December 2022, the Supervisory Board then updated the Declaration of Compliance together with the Management Board and thus accounted for the stipulations made in connection with the departure of the CEO Jürgen Hermann. Together with the Supervisory Board, the Management Board reports in detail on corporate governance in the Corporate Governance Statement. The Declaration of Compliance and the Corporate Governance Statement are permanently available on the company's website.

Each member of the Supervisory Board discloses any conflicts of interest that may arise, taking due account of the recommendations made in the German Corporate Governance Code. To avoid a potential conflict of interests, the Supervisory Board members Dr. Bernd Schlobohm and Gerd Eickers did not participate in the adoption of the Supervisory Board resolution approving the sale of the rights of use for the edge computing platform "Edgizer" to Teleport Köln GmbH, a company related to Dr. Bernd Schlobohm and Gerd Eickers. No conflicts of interest otherwise arose in the year under report.

Members of the Supervisory Board take responsibility for undertaking any training or professional development measures necessary to fulfil their duties and are supported by the company. The company keeps Supervisory Board members regularly informed of the latest legislative amendments and of any relevant developments in corporate governance. Measures taken by the Management Board in the 2022 financial year in response to suggestions from the Audit Committee included honing the internal audit and risk management processes, particularly with regard to the scope and transparency of reporting. New members of the Supervisory Board are able to meet the Management Board to discuss underlying and current topics, and thus gain an overview of those topics relevant to the company ("on-boarding").

Audit of financial statements

Consistent with the corresponding recommendation made by the Audit Committee, the Supervisory Board proposed to the Annual General Meeting on 18 May 2022 that Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, should again be elected as auditor and group auditor for the 2022 financial year. In line with the resolution adopted by the Annual General Meeting, the Audit Committee awarded the audit assignment to Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft. This firm has been the auditor of q.beyond AG since the 2021 financial year. The audit opinion was signed by the auditor responsible for the audit, namely Martin Schulz-Danso, and cosignatory Dr. Marcus Borchert for the first time for the 2021 financial year.

Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft audited the annual financial statements and management report of q.beyond AG as of 31 December 2022, which were prepared by the Management Board in accordance with the requirements of the German Commercial Code (HGB), and the consolidated financial statements and group management report as of 31 December 2022, which were prepared in accordance with International Financial Reporting Standards (IFRS) as requiring application in the European Union and the supplementary provisions of German commercial law applicable pursuant to § 315e HGB. It also audited the report on relationships with affiliated companies and the remuneration report jointly prepared by the Management and Supervisory Boards pursuant to § 162 AktG.

The auditor granted unqualified audit opinions to the company's annual and consolidated financial statements for the 2022 financial year, including the respective management reports.

In respect of the report on relationships with affiliated companies (dependent company report), the auditor granted the following unqualified audit opinion:

“Based on our audit and assessment performed in accordance with professional standards, we confirm that

1. the factual information in the report is correct;

2. the company’s compensation with respect to the transactions listed in the report was not incommensurately high.”

In respect of the remuneration report pursuant to § 162 AktG, the auditor concludes that the remuneration report for the 2022 financial year, including the associated disclosures, is in all material respects consistent with the requirements of § 162 AktG.

The aforementioned documents, including the audit reports submitted by the auditor and the non-financial (group) report, were provided to all Supervisory Board members in good time ahead of their review and, in the case of the remuneration report prepared in accordance with § 162 AktG, in good time ahead of their resolution. At its meeting on 23 March 2023, the Supervisory Board discussed all these documents and the auditor’s audit reports with the Management Board and the auditor, taking due account of the findings of the preliminary review conducted by the Audit Committee in the presence of the auditor on 15 March 2023. The auditor reported to the meeting held on 23 March 2023 on the scope, focuses and key findings of its audit and dealt in particular with the key audit matters and audit actions taken. The auditor also informed the meeting about its findings on the internal control system in respect of the financial reporting process and the risk management system and was available to answer questions and provide further information. The auditor informed the Supervisory Board of services it provided in addition to the audit of the financial statements and that there were no circumstances indicating that its impartiality was impaired.

Following completion of the audit by the Audit Committee and based on its own review, the Supervisory Board endorsed the findings of the audits conducted by the auditor and did not raise any objections to the annual financial statements (HGB) and management report of q.beyond AG, the consolidated financial statements (IFRS) and group management report, the report and concluding statement by the Management Board on relationships with affiliated companies (dependent company report), and the non-financial (group) report of q.beyond AG for the 2022 financial year. The non-financial (group) report will be published on the company’s website at the latest by the end of April 2023.

Consistent with the recommendation submitted by the Audit Committee, the Supervisory Board approves both the consolidated financial statements (IFRS) and the annual financial statements (HGB). The annual financial statements are thus adopted.

Cologne, 28 March 2023
On behalf of the Supervisory Board of q.beyond AG

Dr. Bernd Schlobohm
Supervisory Board Chair

q.beyond Shares

Stock market posts one of weakest performances in years

2022 was not good for q.beyond's shareholders. Over the year, our shares lost 61% of their value and closed at € 0.77 on 30 December 2022. This marks the lowest level since the global financial crisis in 2009. Like in the 2009 recession, q.beyond's share price suffered above all from the change in the stock market climate.

Global stock prices fell across the board after Russia's attack on Ukraine last year. The war in Ukraine fuelled inflation, already on the rise, and forced central banks to speed up the turnaround in their interest rate policies. These factors led the growth outlook to deteriorate in many countries. Major lead indices, such as the DAX and the EURO STOXX 50, reacted to these adverse conditions with double-digit falls in share prices.

q.beyond's peer group loses more than 50% in some cases

The technology sector was hit even harder. The TecDAX lost more than a quarter of its value during 2022, with only the heavyweights, such as Deutsche Telekom and Qiagen, preventing the index from falling even more sharply. A glance at the performance of our peer group reveals the degree of scepticism towards "smaller" tech companies. Listed IT service providers in Germany posted share price reductions ranging from more than 30% to over 50% in 2022. Despite generating double-digit revenue growth, q.beyond was prevented by the macroeconomic downturn from fully meeting the expectations stated at the beginning of the year. As a result, our share price lost slightly more of its value.

Russia's attack on Ukraine led to a global downturn in stock prices last year. q.beyond shares lost 61% of their value.

Talk of a pending turnaround in interest rates to respond to rising inflation created downward pressure on share prices right at the start of the year. It also impacted on our shares, which recorded their annual high of € 1.97 in the first days of the trading year. By the end of March 2022, they had already lost 15% in value. As was the case for many other technology stocks, the downturn in the share price gained momentum in the second and third quarters, with q.beyond shares reaching their annual low at € 0.59 by the end of September. The share price recovered, albeit laboriously, from this low level through to the end of the year.

Lower market capitalisation does not reflect the company's value

At just € 95.9 million, q.beyond's market capitalisation at the end of 2022 chiefly mirrors the reservations shown by investors to smaller tech companies and the uncertainty prevalent on the stock markets. It does not reflect the value of our company. As of 31 December 2022, q.beyond's net liquidity alone stood at € 35.9 million. Moreover, experts assess the value of our Hamburg location, which is owned by q.beyond itself, at no less than € 20 million. If the market value of our subsidiaries is also included, it is apparent that buyers of our shares would obtain the operating business and its customer base virtually free of charge.

Significant share price growth at beginning of 2023

This undervaluation will not last. We will make every effort to ensure that 2023 will already be a better year for our shareholders. This depends to a large extent on whether and, if so, how rapidly the stock market climate improves. The capital market recovery in the first weeks of the year offered initial reason to be hopeful. In what was a more favourable climate, q.beyond shares rose by 47% to € 1.13 by the end of January 2023. In the last week of March, the share price moved around € 0.90. Our primary task now is to convince further investors of the strengths of our shares by maintaining our extensive investor relations activities, making progress in our operating business and consistently reaching our targets.

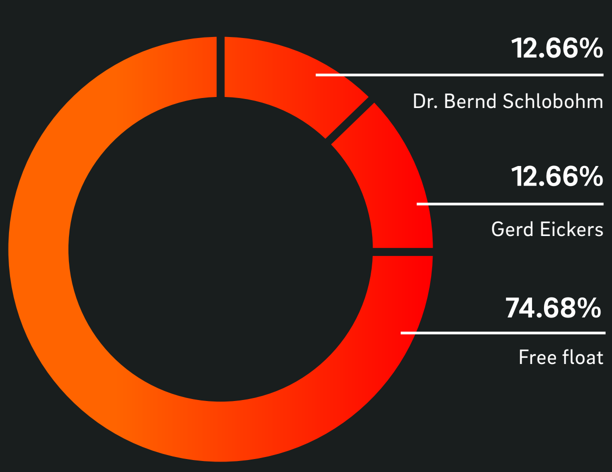
Four buy recommendations for q.beyond shares

To assess the potential harboured by our shares, investors need look no further than the recommendations issued by the four analysts who regularly cover q.beyond. At the beginning of 2023, all four advised investors to buy q.beyond shares. Following adjustment to account for the change in conditions in the second half of 2022, their share price targets now range from € 1.30 to € 1.80.

Institute	Analyst	Target price	Recommendation
Warburg Research	Felix Ellmann	€ 1.80	Buy
Stifel	Yannik Siering	€ 1.70	Buy
Montega	Sebastian Weidhüner	€ 1.40	Buy
NuWays	Philipp Sennewald	€ 1.30	Buy

q.beyond's share price performance
(indexed)

Shareholder structure as of 31 December 2022



Shareholder structure remains stable: institutional investors hold one third of q.beyond's free float.

Stable shareholder structure

Analysts' purchase recommendations influence investment decisions in the medium term, and particularly those taken by institutional investors. Their share of free float stood at 33% as of 31 December 2022, as against 34% one year earlier. Paladin Asset Management continues to hold more than 5% of q.beyond shares. At the end of 2022, 67% of free float was held by retail investors. Overall, free float accounted for 74.7% of q.beyond shares and was distributed among 21,981 shareholders as of 31 December 2022. The remaining 25.3% of the company's shares were held by its two founders Gerd Eickers and Dr. Bernd Schlobohm. Now members of the Supervisory Board, these two individuals have not sold any shares since the company's IPO in spring 2000 but have repeatedly increased their shareholdings further in the intervening years.

Our long-standing CEO Jürgen Hermann also expanded his stake on several occasions in recent years and owned 1 million, or 0.8%, of our shares, at the end of 2022. His designated successor, Thies Rixen, purchased 99,000 further shares several days after his appointment in October 2022 and now holds 300,000 shares in q.beyond.

Continuous dialogue with investors

The difficult stock market climate in 2022 was no reason for q.beyond to scale back its investor relations (IR) activities. On the contrary, after two years of contacts remaining largely virtual due to the pandemic the Management Board and IR took the opportunity to meet interested investors at the capital market conferences listed on the following page and in some cases in person again:

Key facts about q.beyond shares

Securities identification code	513 700
ISIN	DE0005137004
Trading symbol	QBY
Bloomberg symbol	QBY GY
Reuters symbol	QBYn.DE
Market segment	Prime Standard
Stock exchanges	Xetra and regional German stock exchanges
Designated sponsorship	Hauck Aufhäuser Lampe Privatbank AG
	Stifel Europe Bank AG
Shares outstanding as of 31 December 2022	124,579,487
Share class	No-par-value registered shares of common stock
Xetra closing price on 30 December 2021	€ 1.96
Xetra share price high in 2022	€ 1.97
Xetra share price low in 2022	€ 0.59
Xetra closing price on 30 December 2022	€ 0.77

- Digital Transformation Conference, AlsterResearch
- 5th German SMID Cap Forum, Stifel
- Spring Conference, Equity Forum
- 8th Hamburg Investors' Day (HIT), Montega
- Commerzbank & ODDO BHF Corporate Conference
- German Equity Forum, Deutsche Börse

In the past year, we also held virtual and on-site roadshows, numerous conference calls and one-to-one discussions. Anyone interested can find all relevant information about our shares at our website at **www.qbeyond.de/en/investor-relations.** The IR section of our website contains our reports and announcements, as well as key figures on our shares, the latest consensus among analysts, corporate governance and much more. It is also where presentations and recordings of comments made by the Management Board in conference calls can be found following the publication of quarterly figures.

The IR Department maintains an ongoing exchange of information with retail and institutional investors by mail and telephone. It also uses the company's own blog **blog.qbeyond.de (only available in German)** to keep interested capital market players regularly updated.

We draw on our software expertise to turn digitalisation strategies into specific solutions, develop applications, test systems and train staff.

Development

Group Management Report[1]

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[1] Contents of websites or publications to which we refer in the Group Management Report do not form part of the Group Management Report but merely serve to provide further information. One exception is the Corporate Governance Statement pursuant to § 289f and § 315d HGB.

Group Fundamentals

Business Activities

q.beyond AG ("q.beyond" or "the company") is a leading IT service provider in the German market and 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 accompanies SME customers securely and reliably throughout their digital journey. The company has all-round expertise in Cloud, SAP, Microsoft and software development. We have locations throughout Germany, as well as in Latvia and in Spain, and our own certified data centres.

In the past financial year, the operating business was managed in the two segments of "Cloud & IoT" and "SAP". At the beginning of 2023, the first segment was renamed as "Cloud" given that IoT solutions form just one component of what is now a significantly enlarged portfolio for developing customer-specific applications.

Cloud: comprehensive range of services for state-of-the-art IT

To survive in a climate of digital competition, companies need IT structures that are flexibly adaptable, networked and secure. Providing these structures is the centrepiece of the service portfolio in the Cloud segment. They range from turnkey cloud modules to digital workplaces for 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, integrate both a variety of cloud infrastructures and services as well as cloud applications from various providers. Cloud solutions function independently of the underlying infrastructure and, depending on customers' wishes, can be run at our own data centres or at third parties such as the hyper-scalers Amazon, Google and Microsoft.

Reliable security solutions protect our customers against attacks targeting their IT. We offer a broad portfolio of scalable security solutions, review existing IT infrastructures to identify any weak points, build effective lines of technical defence and train our customers' members of staff. The takeover of a majority stake in productive-data in autumn 2022 has also boosted our data analytics expertise (further information about this transaction can be found **on Page 40 in the "Business Performance" chapter).**

The development of applications ("Custom Code") is closely aligned to these business fields. Our company has gradually extended its expertise in this area in recent years. Today, we offer customer-specific cloud-native applications, as well as IoT solutions and mobile apps.

Furthermore, during 2022 we also started reinforcing our consulting expertise in a cloud environment. We benefit here from the consulting expertise we have already built up. With its three focuses of "Consulting, Development and Operations", q.beyond is now positioning itself more clearly as an IT service provider with an integrated portfolio of services.

SAP: q.beyond is a full-service provider with 20 years of project experience

The second segment, SAP, concentrates on services relating to the use of SAP software. One key focus is on migration to the new SAP S/4HANA software generation. Together with our customers, we devise roadmaps, put them into practice, convert existing systems and automate processes. As a medium-sized company ourselves, we understand our medium-sized customers and their needs and processes and know exactly how to portray these with maximum efficiency in SAP. Our portfolio therefore includes SAP consulting, as well as application management, hosting and basic operations. We also provide maintenance and licence management services. With SAP managed services, we offer all-in packages including software and hardware.

Market and Competitive Position

We are an IT service provider and predominantly work on behalf of medium-sized companies based in Germany. Thanks to our own character as a medium-sized company, our presence throughout Germany and the fact that all our data centres are located within the country's borders, we enjoy a high degree of acceptance among this target group. To be able to address the specific needs of our customers, we focus on select key sectors. These have traditionally included the retail and manufacturing sectors. In 2021, we successfully accessed the logistics sector. During 2022, it became apparent that the public sector and financial services providers also harbour interesting opportunities.

This focus on key sectors is one of the factors that has enabled our company to continually increase its revenues even in the challenging conditions seen in recent years. According to the Lünendonk study "The Market for IT Services in Germany"[2], q.beyond is one of the country's 15 largest IT service providers. The top 10 companies in this ranking include several subsidiaries and spin-offs of large groups whose business models predominantly address different target groups. That makes our company one of the top addresses for SMEs seeking support with IT topics.

Strategy

Continuous further development in a challenging environment

Since selling its telecommunications business in 2019, q.beyond has undergone a far-reaching transformation to become an IT services provider. With a dedicated growth strategy, it has in recent years achieved significant revenue growth and extended its portfolio of services. In this context, q.beyond made several targeted acquisitions of specialist companies with focuses ranging from software engineering and modern workplace specialists to the operator of a highly scalable cloud portal to a data analytics provider.

[2] www.luenendonk.de/produkte/studien-publikationen/luenendonk-studie-2022-der-markt-fuer-it-dienstleistungen-in-deutschland-it/ (only available in German).

In parallel, to account for the impact of the coronavirus pandemic and far-reaching economic disruption following the outbreak of the war in Ukraine the company has further developed this strategy and adapted it in line with customers' changing needs. Most recently in October 2022, the Management Board decided to discontinue the capital-intensive development of proprietary software-as-a-service applications. q.beyond's focus is now on providing customer-specific software solutions for existing and new applications.

Solid growth and higher profitability targeted

We will continue to consistently develop our strategy further in the years ahead as well. Alongside solid revenue growth, we aim to achieve sustainable improvements in our profitability and free cash flow. To enable us to report positive consolidated net income in the coming years, in the current financial year we will streamline existing structures and press ahead with integrating the acquisitions made in recent years. We will create fresh revenue momentum from 2023 by implementing a uniform sales approach and stepping up our efforts to market our consulting and development expertise. We will publish further details about our future strategic alignment at the end of March 2023, and thus after the adoption of this Group Management Report.

Research and Development

We operate in highly dynamic markets and, working closely with our customers, deploy the latest technologies suitable to their needs. Innovation is therefore an integral component of our operating business. This mostly involves quality and process-related innovations. It also means integrating new software or hardware into existing or new solutions.

Alongside solid revenue growth, we aim to achieve sustainable improvements in our profitability and free cash flow.

This being so, we view research and development ("R&D") primarily as a cross-divisional activity. We have therefore traditionally not reported the number of employees working in R&D. In 2022, our R&D expenses decreased to € 5.4 million, down from € 7.6 million one year earlier, and mainly involved expenses incurred for software-as-a-solution (SaaS) development. As our company will discontinue developing and marketing proprietary SaaS products in future, this key figure will become considerably less significant from 2023.

Organisation

Our company has its headquarters in Cologne and locations throughout Germany. At the beginning of 2023, it had four wholly-owned subsidiaries: the modern workspace specialist datac Kommunikationssysteme GmbH, the cloud and IT security provider q.beyond Cloud Solutions GmbH (formerly scanplus GmbH), the development subsidiary Q.BEYOND SIA, which is located in Riga/Latvia, and q.beyond ibérica S.L., a second nearshoring subsidiary that is currently being established.

In autumn 2022, q.beyond also acquired a 51% stake in the data analytics specialist productive-data GmbH. Since 2021, q.beyond has marketed turnkey IT services for medium-sized logistics companies via its 51-percent shareholding in q.beyond logineer GmbH. Further subsidiaries address digitalisation in the retail sector and the development of software tailored to the needs of logistics companies. A complete overview of the scope of consolidation as of 31 December 2022 can be found in **Note 34 of the Notes to the Consolidated Financial Statements.**

Corporate Management

q.beyond is managed on the level of its segments. The following are the most important key financial performance indicators referred to on group level: revenues, EBITDA and free cash flow. To date, no reference has been made to non-financial performance indicators for corporate management purposes.

EBITDA is defined as earnings before interest, taxes, share-based remuneration, and impairment losses and depreciation/amortisation recognised on property, plant and equipment and intangible assets. The EBITDA margin presents EBITDA as a percentage of revenues. The free cash flow presents the change in net liquidity before acquisitions and distributions, but nevertheless includes inflows of funds from divestments. The key figure referred to by management when managing the segments is the segment contribution. This is defined as EBITDA before general and administrative expenses and the other operating result. The segment margin presents the segment contribution as a percentage of the respective revenues.

The monthly reports contain all relevant key figures and budget/actual comparisons. They serve as an important basis of discussion for the Management and Supervisory Boards. Moreover, the latest budget/actual comparisons are used as a basis for regularly updating the rolling planning. This acts as an early warning system for potential variances, thus enabling corrective measures to be taken at an early stage. One integral component of reporting is the risk management system, which is described from **Page 52 onwards of this Group Management Report.** This ensures that any changes in opportunities and risks are directly factored into the management system.

Employees

The success of our company is based on the commitment and willingness to perform of all our employees. For this reason alone, employee concerns have always been a key priority. q.beyond had 1,112 employees as of 31 December 2022, as against 1,139 employees one year earlier. Our Sustainability Report contains extensive information about our personnel strategy and policies.

Sustainability Report

Pursuant to § 289b (3) and § 315b (3) of the German Commercial Code (HGB), we compile a separate non-financial (group) report independently of the Group Management Report. This separate report will be published on our website at **www.qbeyond.de/en/ir-publications** by the end of April 2023 and will then be permanently available there. The report will include disclosures on the non-financial declaration pursuant to § 315c HGB in conjunction with § 289c HGB and will be reviewed by the Supervisory Board.

Corporate Governance Statement

We have published our Corporate Governance Statement for the 2022 financial year pursuant to § 289f and § 315d of the German Commercial Code (HGB) at **www.qbeyond.de/en/cgs** and made this permanently available. As well as the declaration made pursuant to § 161 of the German Stock Corporation Act (AktG), this statement also includes extensive disclosures on corporate governance practices, on the composition and mode of operation of the Management and Supervisory Boards, and a description of the diversity concept.

Remuneration Systems and Remuneration Report

Consistent with legal requirements, the Management and Supervisory Boards have compiled a separate remuneration report pursuant to § 162 of the German Stock Corporation Act (AktG) for the 2022 financial year. The report will be submitted for approval by the Annual General Meeting in May 2023. Pursuant to § 87a AktG, it provides extensive information on the application of the remuneration system for the Management Board, which was approved by the Annual General Meeting in May 2022, and includes all disclosures required on the remuneration granted and owed to the Management and Supervisory Boards. The remuneration report for the 2022 financial year, the auditor's report on its audit of the remuneration report, the currently valid remuneration system for members of the Management and Supervisory Boards and the most recent resolutions adopted by the Annual General Meeting in respect of the remuneration systems for the Management and Supervisory Boards and of Supervisory Board remuneration will be available from 30 March 2023 on the company website at **www.qbeyond.de/remuneration.**

Takeover-Related Disclosures and Explanatory Comments

The following overview outlines the disclosures mandatory under § 315a (1) of the German Commercial Code (HGB). Overall, these involve regulations that are typical at listed companies. The disclosures below reflect the circumstances at the balance sheet date.

Composition of issued capital

Issued capital amounted to € 124,579,487 as of 31 December 2022 and was divided into 124,579,487 no-par registered ordinary shares. According to the Share Register, these shares were distributed among 21,981 shareholders.

Limitations on voting rights or transfer of shares

Each share grants one vote at the Annual General Meeting. A voting and pooling agreement is in place between the following shareholders with direct and indirect holdings in q.beyond: Dr. Bernd Schlobohm, Gerd Eickers and Gerd Eickers Vermögensverwaltungs GmbH & Co. KG. This agreement provides for the uniform exercising of voting rights and restrictions relating to the disposability of the pool-bound shares.

The Management Board is otherwise not aware of any further limitations on voting rights or restrictions on the transfer of shares. There are also no special rights conferring powers of control. Furthermore, there are no voting right controls for employee holdings in capital.

Capital holdings of more than 10%

The following direct and (pursuant to § 34 of the German Securities Trading Act [WpHG]) indirect holdings in the company's capital exceed 10% of voting rights. A voting and pooling agreement is in place between the following shareholders with direct and indirect holdings in q.beyond: Dr. Bernd Schlobohm, Gerd Eickers and Gerd Eickers Vermögensverwaltungs GmbH & Co. KG; together, these shareholders hold a combined total of 25.32% of the voting rights in q.beyond. Specifically, this results in the following direct and indirect shares of voting rights:

- Dr. Bernd Schlobohm, Germany,
  25.32% of voting rights
  (of which: 12.66% directly and 12.66% indirectly)

- Gerd Eickers Vermögensverwaltungs GmbH & Co. KG, Cologne, Germany,
  25.32% of voting rights
  (of which 12.66% directly and 12.66% indirectly)

- Gerd Eickers, Germany,
  25.32% of voting rights (indirectly).

Appointment and dismissal of Management Board members

The appointment and dismissal of members of the Management Board is governed by § 84 and § 85 of the German Stock Corporation Act (AktG) and by § 7 of the Articles of Association in their version dated 31 January 2022. Pursuant to § 7 of the Articles of Association, the Management Board comprises one or more individuals. The Supervisory Board determines the number of Management Board members. Even though issued capital exceeds € 3 million, the Supervisory Board may stipulate that the Management Board should consist of only one individual. The appointment of deputy members of the Management Board is permitted.

Amendments to Articles of Association

Pursuant to § 179 AktG, amendments to the Articles of Association require a resolution adopted by a majority of at least 75% of issued capital represented at a shareholders' meeting. Pursuant to § 15 of the Articles of Association, the Supervisory Board is authorised to adopt amendments and additions to the Articles of the Association that are of a purely formal nature and in themselves do not involve any changes to actual content.

Acquisitions and buyback of treasury stock

By resolution of the Annual General Meeting on 12 July 2018, the Management Board is authorised pursuant to § 71 (1) No. 8 AktG until 11 July 2023 to acquire q.beyond shares on a scale of up to 10% of issued capital and, in specific cases, to use these to the exclusion of subscription rights. The Management Board has not acted on this authorisation to date.

Authorised capital

By resolution of the Annual General Meeting on 20 May 2020, the Management Board is authorised, subject to approval by the Supervisory Board, to increase the company's issued capital by up to a total of € 37,000,000 on one or several occasions up to 19 May 2025 by issuing new no-par registered shares in return for contributions in cash and/or kind (Authorised Capital 2020). When drawing on authorised capital, the Management Board may, subject to approval by the Supervisory Board, exclude shareholders' subscription rights in five cases: (1) to exclude residual amounts from shareholders' subscription rights; (2) when the new shares are issued in return for contributions in kind, particularly in the context of company acquisitions; (3) if, pursuant to § 186 (3) Sentence 4 AktG, the new shares are issued in return for cash contributions and if, at the time of final stipulation, the issue price does not fall materially short of the stock market price of the shares already listed; (4) to the extent necessary to issue subscription rights for new shares to the bearers or creditors of warrant and/or convertible bonds in order to avoid dilution of their respective holdings; and (5) if the new shares are to be issued to employees of the company, employees of a company affiliated to the company, or members of the management of a company affiliated with the company in the context of share participation or other share-based plans. The number of shares issued to the exclusion of subscription rights in the final case may not exceed an aggregate total of 5% of issued capital.

This authorised capital is intended to enable q.beyond to react swiftly and flexibly to opportunities arising on the capital market and where necessary to obtain equity capital on favourable terms. No use was made of authorised capital in the past financial year.

Conditional capital

The company had conditional capital totalling € 27,344,500 as of the balance sheet date. This was divided into Conditional Capital IV (€ 25,000,000), Conditional Capital VIII (€ 1,919,500), and Conditional Capital IX (€ 425,000).

Conditional Capitals VIII and IX serve to secure the conversion rights of bearers of convertible bonds that q.beyond has issued within the framework of existing stock option plans to Management Board members (Conditional Capital IX) or to Management Board members, managing directors of affiliated companies, employees of q.beyond and affiliated companies (Conditional Capital VIII). Conditional Capital IV may be used by the Management Board to create tradable warrant and/or convertible bonds. The Management Board is authorised by resolution of the Annual General Meeting on 20 May 2020 to issue such instruments in order to access an additional, low-interest financing option given favourable capital market conditions. The bonds may be issued in return for both cash contributions and contributions in kind. The Management Board is authorised, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights to these warrant and/or convertible bonds in four cases: (1) to settle residual amounts resulting from the subscription ratio; (2) when the bonds are issued in return for contributions in kind, particularly in the context of company acquisitions; (3) if, in the case of bonds being issued in return for cash contributions pursuant to § 186 (3) Sentence 4 AktG, the issue price does not fall materially short of the market value of the bonds; and (4) to the extent necessary to issue subscription rights to the bearers or creditors of warrant and/or convertible bonds previously issued in order to avoid dilution of their respective holdings. To date, the Management Board has not acted on the authorisation to issue tradable warrant and/or convertible bonds.

Capital limits for the exclusion of subscription rights

The exclusion of shareholders' subscription rights pursuant to § 186 (3) Sentence 4 AktG may apply for the use of treasury stock, for the issue of new shares from authorised capital and for the issue of warrant and/or convertible bonds corresponding to an aggregate total of no more than 10% of issued capital during the term of the respective authorisation. Apart from this, the exclusion of shareholders' subscription rights for the issue of new shares from authorised capital and for the issue of warrant and/or convertible bonds (excluding those issued within q.beyond's stock option plans) may not exceed an aggregate total of 20% of issued capital during the term of the respective authorisation. Treasury stocks sold to the exclusion of subscription rights would be imputed to the 20% of issued capital limit if they were sold during the term of the other authorisations.

Further details apply in accordance with the underlying resolutions adopted by the Annual General Meeting for each of these measures.

Material agreements applicable in the event of takeover bids

The company has no material agreements conditional on a change of control due to a takeover bid. Furthermore, no compensation agreements in the event of a takeover bid have been concluded either with the Management Board or with employees.

Business Report

Overall Summary/ Actual vs. Forecast Business Performance

Double-digit percentage revenue growth in 2022/earnings below budget

In a year marked by great economic uncertainty, q.beyond increased its revenues by 11% to € 173.0 million and generated EBITDA of € 5.4 million and free cash flow of € -9.7 million. As was already the case in the first years of the pandemic, namely 2020 and 2021, this consistent revenue growth was driven both by targeted acquisitions and by our crisis-resistant and well-focused business model. Of 2022 revenues, 76% were recurring, while 61% were generated in the three focus sectors of retail, logistics, and manufacturing.

Although individual projects were again postponed due to macroeconomic factors in the final quarter of 2022, the company managed to almost meet the forecast as most recently updated in October 2022. The targets involved revenues of between € 174 million and € 178 million, EBITDA of € 6 million to € 8 million, and free cash flow of up to € -10 million.

The initial forecast for the past financial year, published in March 2022, had been compiled in different circumstances. At the time, it was not possible to assess the implications of Russia's attack on Ukraine with any degree of precision. Including a planned acquisition in the energy sector, the company then deemed it possible to achieve revenues of € 180 million to € 200 million, EBITDA of € 8 million to € 16 million, and free cash flow of up to € -10 million. The company fell significantly short of the revenues and EBITDA stated in this original forecast for 2022.

As the energy industry was massively affected by the consequences of the Ukraine war and, for this reason, initially no longer accorded priority to modernising its IT, in the following months our company decided not to make any acquisition in the energy sector. Upon publication of its 2022 Half-Year Financial Report in early August, the company indicated that, for this reason, it now expected revenues and EBITDA at the lower end of the originally communicated ranges.

Our company was unable to escape the effects of the ongoing economic downturn in subsequent weeks as well. In October 2022, the company therefore updated its forecast and took further measures. Work on independent software-as-a-service products was thus discontinued. These products had formed a major part of the original medium-term planning for the coming financial years. The adjustment to this planning and the marked rise in market interest rates, which are factored into the calculation of goodwill via the capitalisation interest rate, made it necessary to recognise impairment losses totalling € 20.9 million on goodwill and intangible assets in the consolidated financial statements accompanying this report.

Macroeconomic and Industry Framework

At the beginning of 2022, most economic experts expected to see a strong economic upturn in Germany, our core market. In its Annual Economic Report, the Federal Government forecast growth of 3.6%[3] in the country's gross domestic product. Just a few weeks later, these forecasts were no longer valid. Russia's attack on Ukraine fundamentally reshaped the underlying framework. After this, 2022 was characterised by extreme increases in energy prices, an intensification in bottlenecks for materials and supplies, and massive price rises. Furthermore, companies had to contend with a severe shortage of specialists and the ongoing impact of the coronavirus pandemic, which only receded as the year progressed. Irrespective of these factors, gross domestic product grew by 1.9%[4] in 2022, with private consumer spending providing the greatest economic momentum. After two years of various pandemic-related restrictions, people in Germany spent more money again, particularly in the summer months, with key focuses on gastronomy, travel and entertainment.

By contrast, companies reacted with increasing scepticism to the change in underlying conditions. The ifo Business Climate Index fell significantly during 2022 before starting to recover in the fourth quarter[5]. The associated unwillingness of companies to invest also affected our company, with firmly planned IT projects repeatedly being postponed or extended over long periods in individual cases, particularly in the SAP business.

IT sector proves resistant to the crisis

As in previous years, the digital sector grew faster than the overall economy, with 2022 revenues rising by 4.0% to € 196.1 billion[6]. According to the Bitkom sector association, this is due above all to the fact that digitalisation is the answer to the multiple challenges of our times. IT providers were among the main beneficiaries of growing demand for digitalisation. Sector revenues here increased by 6.6% to € 118.9 billion[7] in 2022. Revenues in IT services, a market of particular relevance to q.beyond, grew by 5.5% to € 45.7 billion. With revenue growth of 11%, our company again outperformed its market. Its focus on the forward-looking cloud business proved its worth in the exceptional year of 2022 as well.

11%

q.beyond's revenues grew twice as fast as the IT services market in 2022.

[3] Press release issued by the Federal Ministry for Economic Affairs and Climate Action on 26 January 2022, www.bmwk.de/Redaktion/EN/Pressemitteilungen/2022/20220126-minister-habeck-german-economy-remains-robust.html
[4] Press release No. 20 issued by the Federal Statistical Office on 13 January 2023, www.destatis.de/EN/Press/2023/01/PE23_020_811.html.
[5] www.ifo.de/en/facts/2022-12-19/ifo-business-climate-index-rises-december-2022.
[6] Bitkom market statistics 2022/2023, press release dated 10 January 2023, www.bitkom.org/Presse/Presseinformation/Digitalbranche-trotzt-der-Krise-schafft-neue-Jobs (only available in German).
[7] Bitkom market statistics.

"Cloud-only" and "cloud-first" strategies are the way forward

The crucial significance of the cloud is documented in KPMG's Cloud Monitor[8] for 2022. According to this survey, 84% of companies in Germany use the cloud, while a further 13% plan to do so or are discussing the possibility. Ten years ago, these shares stood at just 37% and 29% respectively. Ever more companies are now pursuing "cloud-only" or "cloud-first" strategies. Last year, nearly half of companies already relied on a strategy that migrated all systems and applications to the cloud or at least accorded priority to such migration. With its broad cloud portfolio, our company is superbly positioned to assist customers in this process.

When asked as to the objectives underlying their cloud strategies, 78% of those surveyed on behalf of KPMG stated that they aimed to reduce their costs. The second most-cited reason already involved cutting CO_2 emissions. This underlines the significantly greater priority being accorded to sustainability considerations in business decisions. q.beyond aims to become climate neutral itself by 2025 and is thus building a genuine competitive advantage. After all, in the coming years ever more medium-sized companies will deliberately select climate-neutral IT service providers in order to shrink their own carbon footprints.

76%

High share of recurring revenues again in 2022.

[8] KPMG Cloud Monitor 2022, https://hub.kpmg.de/cloud-monitor-2022 (access-protected, only available in German).

Business Performance

Long-term customer relationships shape our well-focused business model

q.beyond increased its revenues from quarter to quarter in the past year. In a challenging environment, the advantages of our well-focused business model were once again apparent. This is shaped by long-term customer relationships and a high share of recurring revenues. In the past year, these accounted for 76% of total revenues. In our cooperation with medium-sized companies, we have focused since summer 2022 on the three focus sectors of retail, logistics, and manufacturing. In 2022, these contributed a 61% share of total revenues. Due to the change in underlying conditions since the outbreak of the Ukraine war, the former focus sector of energy now only plays a subordinate role.

New record level of new orders

Our clear focus on attractive sectors enabled us to further increase our new orders in 2022. At € 227.8 million, these reached a new record level and were 23% ahead of the previous year's figure of € 184.5 million. Of these orders, 51% involved new customers and new projects with existing customers, while 49% were attributable to contract extensions.

One example of the success in our new customer business is the decision taken last year by the long-established Hamburg-based jewellery company Wempe to move its IT landscape to our private

Thanks to our clear focus on attractive sectors, our new orders rose to a new record level in 2022 despite the challenging environment.

51%

of orders in 2022 involved new customers or new projects with existing customers.

49%

of orders in 2022 related to contract extensions.

New orders in € million

cloud. We now provide cloud resources from our certified high-security data centres and are supporting Wempe in modernising and increasing the flexibility of its IT with our consulting and security services. In 2022 we also succeeded in extending the term and in some cases also the scope of our contracts with numerous existing customers.

Closer integration of our subsidiaries

Our revenue growth in 2022 was due in part to the contributions made by our subsidiaries, which we are gradually integrating more closely into our company. The software engineering specialist Incloud Engineering GmbH, acquired in 2020, was thus merged into q.beyond AG in the past year. Since the start of 2023, the company formerly known as scanplus GmbH has been operating under the name of „q.beyond Cloud Solutions GmbH." As part of q.beyond, this provides medium-sized companies with standardised and highly scalable cloud services.

Acquisition of majority stake in data analytics specialist productive-data

At the end of October, q.beyond successfully acquired 51% of the shares in the Hamburg-based company productive-data GmbH. Founded in 2008, this specialist in data analytics focuses on introducing, enhancing and operating data warehousing solutions at retailers, financial service providers, and companies in the digital sector. By making this addition, we have added a further module to our portfolio of services, increased our proprietary value creation for cloud solutions and accessed additional growth opportunities. The new subsidiary employs more than 40 IT experts and generates annual revenues of more than € 10 million with its advisory services. q.beyond has the option of taking over the company in full in three further tranches by 2026.

Customer-specific software development in future

As 2022 progressed, we adapted our strategy in line with the change in the underlying framework and took appropriate measures. The decision made at an early stage to focus sales activities more closely on cross-selling and upselling opportunities proved its worth after just a few months and contributed to the record level of new orders. The realignment of the SAP business is also already paying off: in the fourth quarter of 2022, revenues here rose again compared with the previous quarter.

Furthermore, following an in-depth review the Management Board decided to make fundamental changes to the software-as-a-service (SaaS) business. Since the late summer of 2022, software development has primarily been performed on a customer-specific basis and closely aligned to the

51%

q.beyond successfully acquired a majority stake in data analytics specialist productive-data in 2022.

requirements of existing applications such as SAP and Microsoft, and to migration to the cloud. Development work on proprietary SaaS products has been discontinued. This realignment also proved its worth after just a few months, with a noticeable rise in demand for additional software services from existing customers.

Development of a second nearshoring location

To increase profitability while at the same time securing access to an adequate number of IT experts, we are also pressing further ahead with expanding our nearshoring locations. We have operated a branch in Riga/Latvia since 2020. This employed 32 people as of 31 December 2022. A second location has been in the process of being established in Andalusia/Spain since the end of 2022. In future, this will assist us in rapidly and efficiently adapting and implementing applications, particularly for cloud customers.

New growth opportunities with hybrid cloud

We systematically accessed new growth opportunities once again in the 2022 financial year. One example here is the expansion in our hybrid cloud services where, since summer 2022, Google has become a further partner alongside Amazon and Microsoft. As a certified “Google Cloud Partner”, we already implemented our first customer projects last year, including the implementation of an extensive sales solution for a large SME in the local transport sector.

For its hybrid cloud business, the company has set up a proprietary “Cloud Competence Center” that pools all aspects of its public and private cloud expertise under one roof. The competence centre has more than 150 cloud specialists. A proprietary “System Operations Center” is also available if need be, and that 24 hours a day, seven days a week and across all the clouds.

New two-member Management Board starting 1 April 2023

The expansion of the hybrid cloud services offerings was executed under the management of Thies Rixen. A member of our management team since 2019, he was appointed by the Supervisory Board to the Management Board as of 1 October 2022. In December 2022, this body then appointed him to be the company’s new CEO as of 1 April 2023. At the same meeting, the Supervisory Board appointed Nora Wolters as the new Chief Financial Officer as of 1 January 2023. An experienced financial expert, Nora Wolters was most recently Commercial Director of Verkehrsbetriebe Hamburg-Holstein GmbH.

Having closely liaised with the Supervisory Board at an early stage to agree this solution for his succession, Jürgen Hermann, q.beyond’s CEO to date, will leave the company as of 31 March 2023 after nearly 10 years at the helm. Under his management, q.beyond has successfully turned itself from a telecommunications provider into one of Germany’s largest independent IT service providers.

Key Performance Indicators

Revenues rise to € 173.0 million in 2022 financial year

Revenues rose to € 173.0 million in the past financial year, up from € 155.2 million in the previous year. The key growth driver was once again the Cloud & IoT segment, where revenues grew by 22% to € 139.2 million. By contrast, revenues in the SAP segment fell to € 33.8 million, down from € 41.5 million one year earlier, but began to recover towards the end of the year.

EBITDA amounts to € 5.4 million

EBITDA, a definition of which can be found on **Page 31**, stood at € 5.4 million in 2022, as against € 31.7 million in the previous year. In 2021, this key figure had been significantly influenced by deconsolidation items of € 29.5 million resulting from the successful sale of the colocation business.

Free cash flow of € -9.7 million consistent with expectations

q.beyond generated free cash flow of € -9.7 million in the past financial year, compared with € 33.2 million in 2021. Like EBITDA, the 2021 free cash flow was chiefly shaped by the successful sale of the colocation business.

We had net liquidity of € 35.9 million as of 31 December 2022, as against € 56.2 million in the previous year. Net liquidity is calculated on the basis of liquid funds of € 36.4 million as of 31 December 2022 less a loan of € 0.5 million within the group of consolidated companies. The change in this net liquidity excluding IFRS 16 lease liabilities traditionally corresponds to the free cash flow, with this figure previously being adjusted to exclude non-operating items such as acquisitions. The company expended liquid funds of € 10.6 million in 2022 to acquire a majority stake in productive-data GmbH and to redeem the lease liabilities at scanplus, which had been taken over in December 2021. Including these non-operating factors, the free cash flow for 2022 amounted to €-9.7 million.

Earnings Performance

The cost of revenues rose from € 136.0 million in the previous year to € 158.4 million in the past financial year. This increase is attributable in part to the consolidation of scanplus, the cloud specialist acquired out of insolvency proceedings, since December 2021 and the deconsolidation of the colocation business since September 2021. This new cloud subsidiary operates with different cost structures to the higher-margin, yet investment-intensive colocation subsidiaries. Following restructuring, this subsidiary, which now operates under the name of q.beyond Cloud Solutions, will increase its earnings strength starting 2023 based on the budget adopted. Furthermore, the capacities required for the growth then expected with internally developed SaaS applications continued to be expanded during 2022, with corresponding cost charges in the 2022 financial year. The development of proprietary SaaS applications was discontinued from late summer 2022 onwards. q.beyond is now primarily channelling its software expertise into developing customer-specific applications. This is the reason for the change in gross profit, which amounted to € 14.7 million in 2022 as against € 19.1 million in the previous year.

Stable sales and marketing expenses, lower administrative expenses

While revenues rose significantly, the sales and marketing expenses of € 12.9 million in the 2022 financial year were at the previous year's level of € 12.8 million. General and administrative expense fell to € 18.7 million, compared with € 22.3 million one year earlier, with the 2021 figure including higher one-off expenses in connection with several acquisitions and the disposal of the colocation business.

The divestment of the colocation business had also led to a one-off increase in other operating income and expenses in 2021. In the past financial year, other operating earnings now decreased to € 6.0 million, down from € 36.3 million in the 2021 financial year. Other operating expenses fell to € 0.5 million, compared with € 5.1 million in 2021.

Our company's operating earnings strength is best understood if, like in the quarterly reports published during the financial year, depreciation, amortisation and share-based remuneration are reported separately in the income statement. Consistent with IAS 1, these items form part of the individual cost items in the consolidated financial statements in this report. The abridged income statement presented below includes depreciation and amortisation as a separate line item.

€ million	2022	2021
Revenues	**173.0**	**155.2**
Cost of revenues[1]	(145.6)	(124.9)
Gross profit[1]	**27.4**	**30.3**
Sales and marketing expenses[1]	(12.6)	(12.6)
General and administrative expenses[1]	(14.9)	(17.2)
Other operating result	5.5	31.2
EBITDA	**5.4**	**31.7**
Depreciation and amortisation (including share-based remuneration)	(16.8)	(16.5)
Impairment losses	(20.9)	-
Operating earnings (EBIT)	**(32.3)**	**15.2**

[1] Excluding depreciation, amortisation and share-based remuneration.

Depreciation and amortisation, including share-based remuneration, amounted to € 16.8 million in 2022, compared with € 16.5 million one year earlier; of this, an amount of € 4.3 million in the past financial year related to depreciation of IFRS 16 lease liabilities (2021: € 4.6 million). Alongside these items, q.beyond also recognised impairment losses in 2022. These involved an amount of € 15.8 million in the "Cloud & IoT" segment, which includes the software-as-a-service business, and a further amount of € 5.1 million recognised on intangible assets. These write-downs, which have no impact on liquidity, were required on the one hand by the company's amended medium-term planning following the discontinuation of the software-as-a-service business and on the other by the marked rise in market interest rates, which are factored into the calculation of this key figure via the capitalisation interest rate. Further information about goodwill can be found in **Note 15 of the Notes to the Consolidated Financial Statements.**

Including these impairment losses, operating earnings (EBIT) amounted to € -32.3 million in 2022. Due to the successful sale of the colocation business, in the 2021 financial year this key figure stood at € 15.2 million. Accounting for the financial result, earnings before taxes on income amounted to € -33.2 million, as against € 14.6 million in 2021. Taxes on income came to € 0.2 million in the past financial year, compared with € -4.8 million one year earlier. This resulted in consolidated net income of € -33.1 million, after € 9.8 million in the 2021 financial year.

Earnings Performance by Segment

Highly dynamic growth in "Cloud & IoT" segment

Revenues in the "Cloud & IoT" segment rose by 22% to € 139.2 million in the past financial year. This highly dynamic growth was driven above all by success in the company's operating business and by the full-year consolidation of scanplus GmbH, which had been acquired in December 2021. The cost of revenues grew to € 117.3 million, up from € 91.1 million in the previous year. This increase still partly resulted from the development of proprietary software-as-a-service products, which was discontinued in the late summer of 2022. Gross profit totalled € 21.9 million in 2022, compared with € 22.5 million in the previous year. The gross margin reached 16%, as against 20% in the previous year. Based on unchanged sales and marketing expenses of € 10.2 million, this produced a segment contribution of € 11.7 million compared with € 12.3 million one year earlier.

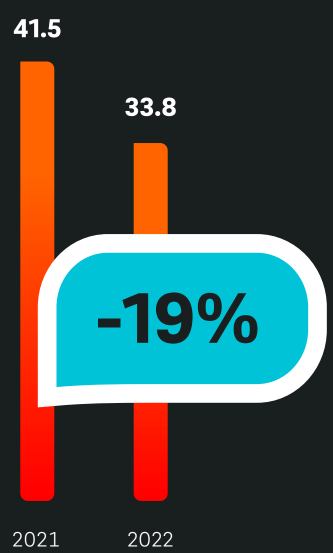
Decrease in both revenues and costs in SAP business

At € 33.8 million, 2022 revenues in the "SAP" segment fell short of the previous year's figure of € 41.5 million, with this being due to macroeconomic and pandemic-related factors. In this challenging environment, our company focused on ongoing cost discipline and on optimising the use of internal resources. As a result, the cost of revenues fell to € 28.3 million, down from € 33.7 million

Revenues showed disparate developments in 2022: the Cloud business posted strong growth, while SAP felt the effects of the economic downturn.

Revenues
Cloud & IoT in € million

Revenues
SAP in € million



in the previous year. This led to gross profit of € 5.5 million, compared with € 7.8 million in 2021. Gross profit reached 16%, as against 19% in the previous year. Based on constant sales and marketing expenses, the segment contribution stood at € 3.1 million, compared with € 5.4 million in the previous year.

Financial Position

Our company finances all of its activities from existing liquidity. As of 31 December 2022, the balance sheet included cash and cash equivalents of € 36.4 million compared with € 56.7 million in the previous year. There were no liabilities to banks; apart from a loan of € 0.5 million made within the scope of consolidation, our company is free of debt. Financial management safeguards the smooth financing of the operating business and of upcoming capital expenditure. In this, it pursues two core objectives: maintaining and optimising the company's financing capacity and reducing its financial risks. Surplus liquidity is exclusively invested in money market and low risk investments. As q.beyond's operations are predominantly located in the euro area, the company is not exposed to any exchange rate risks. Further information about financial risk management can be found in **Note 40 of the Notes to the Consolidated Financial Statements.**

The cash flow statement provides information about the changes in liquid funds in the past financial year. The cash flow from operating activities improved from € -7.7 million in the 2021 financial year to € -1.3 million in 2022. The cash flow from investing activities totalled € -14.0 million, compared with € 24.7 million in 2021, in which this key figure was significantly influenced by the sale of the colocation business. The cash flow from financing activities, which chiefly involves lease payments, came to € -5.1 million compared with € -5.3 million in 2021.

Asset Position

Asset-light approach only requires a low volume of capital expenditure

Since successfully selling its colocation business, q.beyond has pursued an asset-light strategy with a correspondingly low volume of investments in new property, plant and equipment. Excluding the impact

Our company has virtually no debts and fully financed itself from existing liquidity once again in 2022.

of IFRS 16, capital expenditure stood at a mere € 3.0 million in 2022 compared with € 8.1 million in the previous year. The key focus of our remaining capital expenditure was on the ongoing modernisation of our data centres.

Non-current assets reduced by impairment losses

Total assets amounted to € 161.1 million as of 31 December 2022, compared with € 200.3 million in the previous year. Here, non-current assets decreased in value from € 97.2 million at the 2021 balance sheet date to € 74.3 million as of 31 December 2022. This reduction was mainly due to the impairment losses recognised on goodwill and intangible assets. Goodwill virtually halved to € 15.9 million, down from € 30.0 million as of 31 December 2021. The other intangible assets still amounted to € 5.1 million, compared with € 7.3 million at the end of 2021. Right-of-use assets totalled € 7.8 million as of 31 December 2022, down from € 12.8 million at the previous year's balance sheet date. This was due in particular to consolidations resulting from the relocation of company sites in Hamburg and Cologne.

Depreciation and amortisation slightly reduced the value of the other major items within non-current assets. Property, plant and equipment stood at € 21.1 million as of 31 December 2022, compared with € 21.6 million at the previous year's balance sheet date. Land and buildings decreased to € 16.7 million, down from € 17.4 million as of 31 December 2021.

Current assets fell to € 86.7 million as of 31 December 2022, as against € 103.1 million one year earlier. This reduction was attributable above all to a change in the volume of cash and cash equivalents which, as outlined under "Financial Position", stood at € 36.4 million as of 31 December 2022 compared with € 56.7 million at the previous year's balance sheet date.

Solid financing with equity ratio of 72%

Due to the accumulated deficit, shareholders' equity fell to € 115.7 million as of 31 December 2022, down from € 147.4 million at the previous year's balance sheet date. The equity ratio therefore amounted to 72% compared with 74% as of 31 December 2021.

Non-current liabilities increased from € 13.5 million as of 31 December 2021 to € 14.5 million as of 31 December 2022. Due to obligations resulting from the acquisition of shares in companies, other financial liabilities rose to € 5.7 million compared with € 2.4 million as of 31 December 2021. By contrast, pension provisions decreased to € 2.3 million, down from € 4.8 million one year earlier, with this being due to the marked rise in interest rates and associated reduction in the projected benefit obligation.

Current liabilities showed a significant reduction to € 30.9 million, as against € 39.5 million as of 31 December 2021. This was mainly attributable to the redemption of lease liabilities at scanplus, which was acquired at the end of 2021. As a result, lease liabilities fell to € 2.7 million as of the balance sheet date at the end of 2022, down from € 9.0 million one year earlier.

Outlook, Opportunity and Risk Report

Overall Summary of Outlook

Expansion in consulting and development expertise

Following a challenging year in 2022, we will develop our business model further in order to sustainably improve our earnings and financial strength. The key focus here will be on expanding our consulting and development expertise for the cloud and application businesses. In 2023, we will create the structures needed to do so. At the same time, we will press ahead with integrating the companies acquired in recent years and standardise processes from sales to operations to administration. This will tie up resources in the short term but help to raise profitability in the medium term.

Against this backdrop, for 2023 we have budgeted for revenues to grow to € 185 million to € 191 million (2022: € 173.0 million), EBITDA of € 5 million to € 7 million (2022: € 5.4 million), and free cash flow of up to € -8 million (2022: € -9.7 million). The EBITDA planning accounts for significantly higher electricity costs for data centre operations, increased salaries due to inflation, and higher licence expenses, particularly for SAP and Microsoft. These expenses can only be passed on to customers, if at all, then after a certain delay.

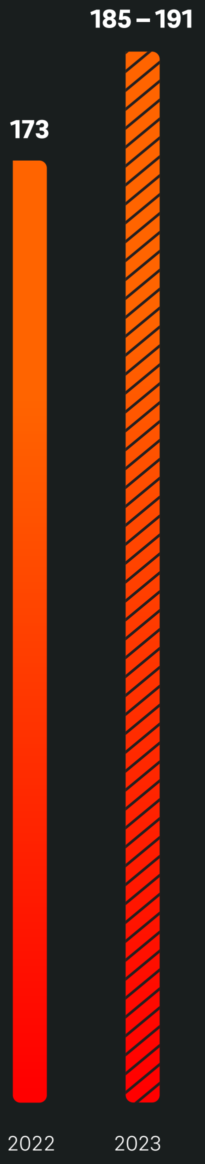
Future Macroeconomic and Industry Framework

It is still unclear whether the German economy will witness a recession like that seen most recently in 2020 or merely a significant slowdown in economic growth as is presently the case. In its Annual Economic Report published at the end of January 2023, the Federal Government forecast minimal growth of 0.2%[9] in gross domestic product. The IT sector will certainly be one of the growth drivers again. At the beginning of 2023, the sector association Bitkom[10] forecast that IT revenues in Germany would grow by 6.3% to € 126.4 billion. For IT services, q.beyond's core business, Bitkom has predicted revenue growth of 4.7% in the current year. Our company has budgeted revenue growth of 7% to 10% and will thus again grow faster than the market.

[9] Report issued by the Federal Ministry for Economic Affairs and Climate Action on 25 January 2023, www.bmwk.de/Redaktion/DE/Publikationen/Wirtschaft/jahreswirtschaftsbericht-2023.html (only available in German).
[10] Press release issued by Bitkom on 10 January 2023, www.bitkom.org/Presse/Presseinformation/Digitalbranche-trotzt-der-Krise-schafft-neue-Jobs (only available in German).

In 2023, we will create the structures for sustainably improving our earnings and financial strength. Revenues will show further growth.

Revenue forecast in € million



EBITDA

of € 5 to € 7 million expected in current financial year.

Free cash flow

of up to € -8 million budgeted for 2023. Positive free cash flow expected for 2024.

Expected Earnings, Financial and Asset Position

Sustainable efficiency enhancement

In the past financial year, our earnings did not develop in line with original expectations. We are therefore taking targeted measures to sustainably increase our profitability. The "One q.beyond" project is intended to accelerate the integration of our subsidiaries, eliminate duplicate functions, particularly in management and sales, and create uniform lean structures. This will be accompanied by systematic expansion in the existing nearshoring locations in Latvia and Spain, both of which countries offer more favourable cost structures than in Germany. In the medium term, the expansion in our consulting and development expertise will help us to increase our earnings. That is because it will be possible to monetise advisory services previously provided free of charge within larger-scale cloud projects more effectively, while this in turn will enable us to take on services that better fit our capabilities in our operating business. Moreover, the increased deployment of software developers in billable customer projects will have a noticeably positive effect.

In the current financial year, there are three main factors, however, that will prevent these measures from leading to higher EBITDA in 2023. Firstly, q.beyond will have to absorb higher electricity costs this year, particularly for the operation of its data centres. Secondly, licence expenses for SAP and Microsoft have risen due to inflation. And thirdly, inflation and the rampant shortage of specialists are driving salaries significantly upwards. Based on current assessments, these factors will

"One q.beyond" is intended to accelerate the integration of our subsidiaries, eliminate duplicate functions and create uniform lean structures.

create overall charges on a scale of € 5 million to € 7 million. Against this backdrop, we have budgeted for a largely stable or slightly higher EBITDA of € 5 million to € 7 million in 2023.

Our free cash flow budget also accounts for these three cost factors. We expect free cash flow of up to € -8 million for 2023. With net liquidity of € 35.9 million as of 31 December 2022, our company is solidly financed for the current financial year and beyond. We intend to generate positive free cash flow once again for the 2024 financial year as a whole.

Expected Earnings Performance by Segment

We expect both segments to generate rising revenues and, by analogy with developments at the overall company, largely stable segment contributions in the current financial year. The “Cloud” segment will benefit from the continued interest shown by medium-sized companies in receiving support to transform their IT infrastructures and applications in the cloud. In further developing its business model, however, q.beyond will adopt a more selective approach to projects that merely involve taking over the operation of IT infrastructures. Its focus will rather be on projects which call for consulting, development and operations expertise with regard to applications.

Following a period of weakness triggered first by the pandemic and then by macroeconomic developments, the second segment, “SAP”, will return to its growth course in the current financial year. By the second half of 2022, it was already apparent that migration to the new S/4HANA software generation is a top priority at numerous medium-sized companies now that the pandemic has ebbed.

Opportunity Management

Dynamic developments in our markets present us with ever new opportunities. Responsibility for identifying and acting on these lies with the operations managers. They are familiar with their specific market environments and their inherent potential. They also draw on expertise available in the sales and marketing department, as well as on various market and competition analyses.

Specific opportunities are factored into the rolling planning, with a review being performed at an early stage to ascertain the risks involved in pursuing and implementing these opportunities. Here, the benefits of dovetailing risk and opportunity management are especially clear. In what follows, we report on the future developments and events that could lead to a positive variance from the full-year outlook for 2023. By analogy with risks, q.beyond classifies these as “major” opportunities with a comparatively high probability of occurrence and a substantially positive contribution to its earnings, financial and asset position.

Individual Opportunities

Our “major” opportunities are presented below in descending order of significance to our company:

- **Additional customers for cloud services.** Technological advances and the requirements of digital business models mean that the IT in place at growing numbers of SMEs is reaching its limits. As soon as there are increasing signs in the course of 2023 that the current period of macroeconomic weakness is receding, companies will tackle the urgently needed modernisation of their IT infrastructures and applications more closely than before while also making increasing use of hybrid cloud services. Depending on macroeconomic developments and the degree of interest shown by customers, demand for cloud services could exceed our planning assumptions.

- **Greater demand for consulting services.** In the past year, we began dovetailing our consulting expertise on SAP, Microsoft and other applications more closely with operations and sales. Just a few months later, it was already clear that this approach is being well received. It is therefore possible that our consulting revenues will exceed the amount budgeted in 2023 already.

- **Growing interest in development expertise.** Proprietary solutions still form part of the IT landscape at many medium-sized companies. Given the widespread relocation of systems to the cloud and to account for ever growing requirements, these SMEs are now reviewing their proprietary solutions and aim to transfer them to the digital age with the assistance of partners. There is the opportunity that our revenues from customer-specific software development will be higher than expected.

- **Rapid implementation of new SAP solutions.** The essential technological advance to S/4HANA will drive business in the “SAP” segment this year. As this new product family is a key to digitalising business models and many SMEs have delayed conversion due to the pandemic and weak economic backdrop, demand for corresponding consulting and implementation services may possible exceed expectations.

Risk Management

For listed companies such as q.beyond AG, the obligation to establish an appropriate and effective internal control system (IKS) and a corresponding risk management system (RMS) is enshrined in law in the German Stock Corporation Act (AktG). In addition, q.beyond AG complies with the recommendations made by the German Corporate Governance Code (DCGK) in respect of establishing a compliance organisation.

Like any other company, q.beyond is permanently exposed to numerous potential risks. Consciously addressing and assessing these risks enables us to boost our competitiveness and is a key foundation for our sustainable business success.

We see one key objective of professional risk management as that of upholding and continually strengthening our business resilience. In our understanding, this is based on sustainable growth, robust core processes, satisfied and innovative employees, consistent customer focus and a portfolio able to react quickly enough to economic, ecological and social developments. All events, actions or neglected actions that could potentially pose a threat to our business resilience, and thus to the success or even the continued existence of our company, are already identified, analysed, assessed, managed and monitored by the RMS at the earliest possible stage of their development.

Risk management comprises coordinated procedures, measures and the necessary rules for dealing with the risks identified. An appropriate approach to handling risks is therefore an important factor in decision-making processes at q.beyond AG and all subsidiaries.

Organisation and Procedures

We have implemented a company-wide uniform integrated RMS to ensure the effectiveness of our risk management and facilitate the aggregation of risks and transparent reporting. The use of a risk management software that has proven its worth enables us to classify risks precisely and, as a result, to focus on material risks.

Risk management as integral component of decision-making processes

The RMS is an integral component of decision-making processes. It ensures that risk assessments are considered in all decisions and that measures to reduce, transfer or avoid risks are taken at an early stage. Quarterly reports raise awareness of risk issues among all managers with relevant responsibility.

Policies, procedures and work instructions are in place to flank the RMS and ensure its implementation in day-to-day operations. The risk analyses, such as those required for management systems under ISO 27001 (Information Security) or ISO 9001 (Quality Management), ensure uniform, efficient reporting.

The RMS covers all company departments. As risk coordinators, managers from all business units continually monitor, assess and update the risks arising. These managers report to Corporate Risk Management at least once a quarter. Ad-hoc reports are submitted when there is a need to provide information about previously undetected risks with significant implications or when material changes are required in the assessment of risks already detected. This process ensures that potential risks in the operating business can be detected at an early stage.

Corporate Risk Management responsible for reporting

Corporate Risk Management is responsible for risk reporting to the Management Board. It sees to the consolidation and documentation of the risks assessed by the risk coordinators. Based on the risk reports for departments, it compiles a compact report (using the "R2C_GRC" risk management software) on a quarterly basis and forwards this to the Management Board. The Management Board is informed immediately of any newly detected high risks.

The respective quarterly risk report is discussed at a separate risk meeting held between Corporate Risk Management and the Management Board. This meeting serves above all to review the completeness of the risks recorded, validate risk assessments, assess the appropriateness of the measures planned to address risks and monitor the effectiveness over time of measures already initiated or implemented. The results of the regular risk meeting are subsequently shared with the risk managers at business units.

The Management Board informs the Supervisory Board Audit Committee with an extensive risk report at least once a year. Corporate Risk Management also serves as an interface to other audit and/or certification processes and ensures that, there too, the risks relevant to the company are uniformly recorded.

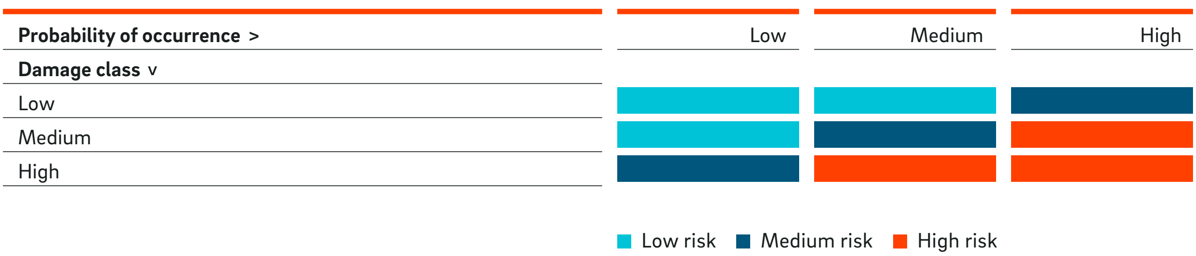
Risk Management Guidelines issued by the Management Board govern the approach to handling risks and define risk management processes and organisational structures. These requirements are reviewed and modified as necessary on a regular basis, and at least once a year. The most recent modification occurred in October 2022. In particular, this involved a renewed categorisation of risks and a decision to raise the thresholds for assessing the scope of the respective risks.

When auditing the financial statements, the external auditors also review each year whether the early-warning risk identification system is suitable for the early detection of any risks to the company's continued existence. Further information about the RMS in respect of financial instruments recognised under IFRS 7 can be found in **Note 40 of the Notes to the Consolidated Financial Statements.**

Risk Assessment Methodology

The risk management software supports the overall risk management process throughout the company. It is used to classify a risk in terms of its estimated probability of occurrence and potential implications in a gross view. This means that the probability of occurrence and scope of damages are initially assessed without accounting for any measures taken to minimise, transfer or avoid risks. This is followed by a net view of each risk, i.e. the assessment accounts for all measures already taken or at least initiated to manage the respective risk. Based on the results of this net view, the risks identified are subsequently allocated to one of a total of three risk classes.

Classification of risks



Assessment of probability of occurrence
Low: Improbable (less than 30%)
Medium: Probable
High: Highly probable (more than 70%)

Assessment of extent of damage (adverse impact on liquidity / cash flow)
Low: Below € 250,000 (previously: below € 50,000)
Medium: Up to € 1,000,000 (previously: up to € 250,000)
High: Over € 1,000,000 (previously: over € 250,000)

The classification of a risk as “low”, “medium” or “high” is based on the combination of its probability of occurrence and scope of damages. The diagram above provides an overview of the methodology used to classify risks.

General risks are analysed to assess whether and how these could specifically harm our company. If this analysis concludes that relevant damages from such risks really are conceivable, then these risks are included as specific risks. General risks (e.g. global catastrophes, financial system collapse, war, terrorist attacks, pandemics) are only included in the RMS if they have a specific reference to q.beyond AG.

This risk analysis and classification is followed by measures aimed at dealing with and monitoring risks. These serve to reduce existing risks, hedge risks with insurance coverage, if economically expedient, and raise awareness of existing residual risks and/or risk acceptance.

Focus on high risks

The external risk report only includes those risks that still have to be deemed material for our future business performance even when all risk reduction, transfer and avoidance measures have been accounted for. Based on the classification outlined above, these risks are categorised as high risks. A risk that is allocated to the “high” damage class, for example, is only assessed as constituting a "high risk" in the overall assessment if there is also at least a "medium" probability of occurrence. As a result of this risk analysis, in our external risk report we report risks that are individually material or aggregate risks that are individually immaterial into suitable risk categories.

Having restructured the relevant risk categories in the 2022 financial year, for internal risk reporting purposes q.beyond distinguishes in particular between risks that impact on the company from outside (e.g. macroeconomic risks, technological and regulatory risks, procurement risks, specific customer and partner risks, competitive risks, cyber risks, sustainability risks) and those that rather arise internally within q.beyond's organisation (e.g. human resources risks, performance/operations stability/quality management risks, especially process and financial risks, compliance and legal risks).

The assessments and accompanying comments and requirements are only provided in quantitative terms in cases where quantitative assessment of the specific scope of damages is possible. As this is generally not the case, however, the relevant risks are usually classified in terms of classes of damage.

Individual Risks

Risk monitoring focuses on the actual risk situation, i.e. due account is taken of existing measures to reduce, transfer or avoid risks. Based on this net perspective, the following relevant risks were assessed as "high" and are presented below in descending order of significance.

Economic slowdown

Macroeconomic developments in the 2022 financial year were substantially influenced by the geopolitical implications of the war in Ukraine, significantly higher energy prices and, linked to these, a marked surge in inflation to levels well above the average seen in recent years. In its third year, the coronavirus pandemic also continued to have a not inconsiderable impact on economic developments. The possibility cannot be excluded that economic developments will be severely influenced in the current year and beyond by the great uncertainty surrounding the global economic situation at the beginning of 2023 as well, or by the potential consequences of the ongoing war in Ukraine or any renewed shortage of fossil energies. This would have a significant impact on our business. Even it has receded, the coronavirus pandemic also remains a source of risk, for example in terms of demand for consulting services or supply shortages for electronics components. The Management Board is continually reviewing current developments and assessing any necessary measures.

Unexpected charges due to rising energy procurement and licence prices and higher personnel expenses

As explained in the Outlook, three cost factors will adversely affect our earnings performance in the current year: electricity prices, licence costs and salaries. Given advancing decarbonisation, energy prices currently cannot be expected to return to the levels seen prior to Russia's invasion of Ukraine. Quite the reverse: there is the risk that electricity costs will rise further.

It is a similar picture for licence costs, particularly for SAP and Microsoft. Depending on individual contracts, the resultant additional expenses cannot be passed on to customers in full, or only at a later point in time.

Personnel expenses are also subject to the risk that forthcoming increases will exceed the original budget assumptions. Alongside high inflation, this developed is being triggered in particular by the growing shortage of specialists. To retain high-performing employees and continue to be viewed as an attractive employer for specialists and management staff, it may be necessary to pay significantly higher salaries.

The development in these cost items is continually observed and regularly evaluated by the management. The company is making constant efforts to reduce its energy consumption and fix its supply prices, at least for the medium term, and continually monitors the progress made with these efforts. The higher personnel expenses are being factored into price calculations for offers submitted in order to minimise their impact on profitability. At the same time, the company is implementing a variety of measures to increase its attractiveness as an employer and limit its staff turnover rate. These include generous home office regulations, flexible working hours and additional pension provision.

Shortage of specialists

Our company needs qualified specialists on the one hand to operate and further develop its own product portfolio and on the other hand to market the growing number of new services. Given the shortage of IT specialists prevalent in the German labour market, it is sometimes difficult to find adequate replacements for the relevant positions within a short timeframe.

That is particularly true for the region surrounding Hamburg, as well as in southern Germany where, among other operations, our subsidiaries datac Kommunikationssysteme GmbH and q.beyond Cloud Solutions GmbH (formerly scanplus GmbH) are located. This risk may be exacerbated by employees resigning, particularly when this leaves the company without the resources needed to maintain the same level of performance capacity or when the employees resigning have special expertise that cannot be replaced immediately. In particular, the shortage of specialist staff may result in bottlenecks in operations, in the development of services and in the consulting business, as well as in administration departments.

q.beyond is drawing on diverse measures to enhance its attractiveness as an employer and limit staff turnover.

Our company counters this risk by consistently training young specialists, cooperating with select universities and offering a range of targeted retention measures for those specialists and executives who are especially important to the company's operations. Furthermore, we are making efforts to ensure duplicate coverage for key functions and to build our own capacities for the further development of our portfolio. Acquiring companies is another way in which we have successfully gained further specialists in recent years. The establishment of new subsidiaries, firstly in Latvia and now in Spain as well, is also extending our ability to recruit highly trained staff to our company.

Information security and cybersecurity risks

q.beyond accords the utmost priority to ensuring information security and data protection. Not least given the marked rise in the number of cyberattacks, our company is continually stepping up its efforts to protect its resources, systems and data both within the Group's own IT and at customer systems. These measures also include implementing the EU Regulation on Digital Operational Resilience for the Financial Sector (in short: DORA), which is due to take effect from January 2025. IT providers such as q.beyond are making in-depth preparations for this.

Our modern IT security systems are permanently monitored and continuously enhanced together with the structures in our IT service management. Despite professional protective measures, the possibility cannot be excluded that cyberattacks motivated by fraud or malicious criminal intent will be directed at the systems at q.beyond, one of its subsidiaries or customer systems supervised by q.beyond. Such attacks could have significant negative economic implications for our Group, our customer and service relationships and our reputation. Not only that, they could also result in significant legal and financial charges.

Post-merger integration risks

q.beyond AG took over five companies in 2021 and 2022. Acquisitions of this nature executed within a short timeframe harbour entrepreneurial risks, as each integration of a new subsidiary presents challenges in terms of adapting processes and structures. These include optimising back-office functions, transfer pricing between group units, homogenising data sources and customer contracts, as well as reorganising relationships with common business partners such as Microsoft. Despite all efforts to ensure swift integration, there is the risk that the required adaptations cannot be completed with sufficient speed, not least due to staff shortages. This results in noticeable additional manual input, higher costs and widespread delays to processes. With its "One q.beyond" project, the company is now according high priority to rapidly completing post-merger integrations and making every effort to standardise processes and structures as quickly as possible. Against this backdrop, the opportunities presented by takeovers, such as expanding the company's strong market position or acquiring additional expertise, customers and revenues, clearly outweigh the related risks.

Sustainability-related risks

Particularly because of climate change, the topic of sustainability has gained enormously in significance in recent years. This also involves a significant rise in the regulatory requirements placed in companies.

If insufficient steps are taken to adapt to climate change, the physical effects (particularly extreme weather situations such as heatwaves and storms) might result in damage to and downtime at our data centre infrastructure, as well as overheating at our data centres. Implications for our employees in terms of their health and safety also cannot be excluded. q.beyond is responding to these risks by, among other aspects, ensuring targeted budgeting of suitable investments and associated technical and construction measures.

At the same time, q.beyond is preparing for increasingly extensive reporting requirements. This is because the regulatory requirements relating to compliance with sustainability targets and external sustainability reporting are set to increase and gain in complexity. In particular, implementation of the German Supply Chain Due Diligence Act (LkSG) and compliance with European sustainability initiatives, such as the Corporate Sustainability Reporting Directive (CSRD), the EU Regulation Establishing a European Single Access Point (ESAP), the Directive on Corporate Sustainability Due Diligence (CSDD) and the EU Taxonomy Regulation require capital market-oriented companies such as q.beyond to extend their management models to include strategic non-financial key figures. Should q.beyond be unable to adequately meet these regulatory requirements, then it would risk losing competitiveness.

Overall Summary

Taking due account of the potential scope of damages and probabilities of occurrences of these and other potential risks, no risks that could result in any permanent and significant impairment of the company's asset or financial position in the current financial year are discernible at present. In organisational terms, all meaningful and reasonable measures have been taken to enable the company to detect potential risks at an early stage and take appropriate action.

Due to these or other risks, or to erroneous assumptions, future earnings may nevertheless deviate materially from the expectations of our company and its management. To the extent that they do not constitute historic facts, all disclosures in this Group Management Report are forward-looking statements. They are based on current expectations and forecasts of future events and are regularly reviewed within the company's risk management.

Key Features of the Internal Control and Risk Management System

Our internal control system (IKS) is based on principles, policies and measures introduced by the Management Board and intended to ensure that decisions taken by the Management Board are implemented within the organisation. The IKS includes the management of risks and opportunities relating to the achievement of business targets, the correctness and reliability of internal and external financial reporting and compliance with the legal requirements and regulations relevant to q.beyond. These include sustainability aspects.

Our IKS is aligned to the globally recognised "COSO Framework" (Committee of Sponsoring Organizations of the Treadway Commission). This model defines the elements of a control system and sets the standard by which the appropriateness and effectiveness of the IKS is to be assessed. q.beyond AG and all associated companies are integrated into our IKS. The Management Board bears overall responsibility for the IKS. At the end of each financial year, it assesses the appropriateness and effectiveness of the IKS. The relevant managers at the business units and subsidiaries are obliged to implement an appropriate and effective IKS which conforms to group requirements in their respective areas of responsibility. The IKS regularly forms the object of audit activities performed by our internal audit department as part of an annual internal audit plan derived from a risk-oriented approach; the IKS is nevertheless also audited by external auditors (e.g. ISAE 3402 audits). The audit plan of the internal audit department is regularly agreed with the Supervisory Board Audit Committee. Furthermore, the Audit Committee ensures that it is kept regularly informed of the audit findings and of the measures identified by the management on this basis.

As of 31 December 2022, the Management Board had no indication that the IKS or the risk management system were not appropriate or effective in their respective entireties. Due consideration should nevertheless be granted to the inherent limitations on the effectiveness of any risk management and control system. No system, even if assessed as being appropriate and effective, can guarantee, for example, that all risks actually arising are detected in advance or exclude all breaches of processes in all circumstances.

The Supervisory Board Audit Committee is integrated into the IKS. In particular, it monitors financial reporting and the associated processes, as well as the appropriateness and effectiveness of the IKS, the risk management system and the internal audit system.

Compliance Management System

The objective of the compliance management system (CMS) in place at q.beyond AG is to detect and assess any breaches of obligations at an early stage and thus enable the company to react appropriately to such. By stipulating preventative measures, it is also intended to avert any breaches of obligations and cases of damages and liability. Based on the assessment of the Management and Supervisory Boards, the CMS in place at q.beyond AG currently meets all requirements of the relevant legal provisions stipulated in the German Stock Corporation Act (AktG) and the German Corporate Governance Code (DCGK).

The Management Board is responsible for the CMS. The Head of Internal Audit and Compliance acts as the Compliance Officer and is responsible for structuring, enhancing and implementing the CMS throughout the Group. He reports to the Management Board and senior management; in liaison with the Management Board, he also regularly reports to the Supervisory Board and its Audit Committee. In the event of material compliance-related issues in which the Management Board is directly involved, the Compliance Officer is obliged to inform the Supervisory Board Chair or the Audit Committee Chair directly. The Head of Compliance regularly coordinates his approach and the relevant matters with the heads of the People & Culture, Finance and IT Security departments.

All employees are bound to comply with ethical business practices. Our company strictly ensures that all of its employees, directors and officers at all times comply with applicable laws, internal policies and codes of conduct. To prevent illegal or improper business decisions, corresponding compliance considerations are factored into business processes from the outset. This reduces liability risks while enhancing our standing as a reliable partner, particularly with SME customers.

As well as fostering a culture of compliance and communication appropriate to the respective addressee, the Compliance Officer is also charged with regularly reviewing the effectiveness of the CMS, monitoring compliance-related targets and continually improving the CMS. To account for this, the key focuses of the compliance management system are regularly reviewed by the Management and Supervisory Boards of q.beyond AG, with corrective measures being taken where necessary.

Those risks that could potentially prevent compliance-related targets from being met are identified and assessed at least once a year. This risk inventory also assists in prioritising suitable measures to prevent illegal actions. Among other aspects, the compliance programme includes requirements and recommended actions on a uniform basis for the company as whole or for specific business units and departments in the form of policies, work instructions and process descriptions. On a superordinate basis, the Code of Conduct summarises all compliance-related principles, rules of conduct and guidelines for business activity.

Despite all preventative measures, the possibility of laws being violated or of severe breaches of obligations occurring at the company cannot be excluded entirely. Where such breaches are discovered, they are immediately investigated by trained specialist personnel, with support from external experts if appropriate, and consistently and transparently penalised. In keeping with the recommendations of the German Corporate Governance Code, q.beyond AG has implemented an electronic notification system that allows employees and all third parties to report any illegal actions they may suspect.

Key Features of the Internal Control System (IKS) in Respect of Financial Reporting

Risk management in respect of financial reporting forms an integral component of the RMS. The risks involved in accounting and financial reporting are constantly monitored, with the results being factored into group-wide reporting. Within the audit of the annual financial statements, the external auditor also reviews the financial reporting process. Based on the auditor's findings, both the Supervisory Board Audit Committee and the full Supervisory Board deal with the internal control system in respect of the financial reporting process.

The RMS is characterised by the following key features:

- Our company has a clear management and corporate structure. Accounting activities for subsidiaries are performed either by q.beyond AG itself on the basis of agency agreements or handled in close liaison with the subsidiaries. Individual process responsibility is clearly allocated at all subsidiaries.

- Our company ensures strict compliance with legal requirements and International Financial Reporting Standards (IFRS) by means of a range of measures including employing qualified specialists, providing targeted and ongoing training and development for these specialists, strictly observing the dual control principle, by separating execution, billing and approval functions in organisational terms and clearly segregating duties for document creation and posting in the controlling department.

- The accounting software at all group units is comprehensively protected against unauthorised access. The correct and prompt recording of all major transactions at all companies is ensured.

- Once prepared, the separate financial statements of group companies are transferred to a uniform consolidation system in which intercompany transactions are eliminated. This system then provides the basis for the consolidated financial statements and for major disclosures in the Notes to the Consolidated Financial Statements and the Group Management Report.

- The annual financial statements of material group companies are subject to an audit conducted in accordance with German commercial law (HGB), while the other group companies are at least subject to an audit review within the audit of the consolidated financial statements.

- Group-wide monthly reporting ensures the early detection of potential risks during the financial year.

With these measures, we create the necessary transparency for our financial reporting and – to the greatest extent possible – prevent any potential risks arising in this process.

We ensure smooth IT operations at our customers. To this end, we regularly monitor, maintain and optimise their application landscapes.

Operations

Financial Report

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Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

€ 000s	Note	2022	2021
Revenues	6	**173,022**	**155,161**
Cost of revenues	7	(158,351)	(136,037)
Gross profit		**14,671**	**19,124**
Sales and marketing expenses	7	(12,867)	(12,800)
General and administrative expenses	7	(18,686)	(22,329)
Impairment losses	15, 17	(20,850)	-
Other operating income	9	5,980	36,309
Other operating expenses	9	(519)	(5,124)
Operating earnings (EBIT)		**(32,271)**	**15,180**
Financial income	10	118	35
Financial expenses	10	(193)	(309)
Income from associates	11	(900)	(268)
Earnings before taxes		**(33,246)**	**14,638**
Income taxes	38	158	(4,793)
Consolidated net income		**(33,088)**	**9,845**
Other comprehensive income			
Line items that are not reclassified in the income statement			
Actuarial gains from defined benefit pension plans	26	2,125	1,062
Tax effect		(692)	(348)
Other comprehensive income after taxes		**1,433**	**714**
Total comprehensive income		**(31,655)**	**10,559**
Attribution of consolidated net income			
Owners of the parent company		(33,304)	9,712
Non-controlling interests		216	133
Attribution of consolidated net income		**(33,088)**	**9,845**
Attribution of total comprehensive income			
Owners of the parent company		(31,871)	10,426
Non-controlling interests		216	133
Attribution of total comprehensive income		**(31,655)**	**10,559**
Earnings per share (basic) in €	12	(0.27)	0.08
Earnings per share (diluted) in €	12	(0.27)	0.08

Consolidated Statement of Cash Flows

€ 000s	Note	2022	2021
Cash flow from operating activities	32		
Earnings before taxes		(33,246)	14,638
Depreciation and amortisation of non-current assets	8, 14, 17	17,876	11,604
Goodwill impairments		15,760	-
Depreciation of right-of-use assets (IFRS 16)	16	4,257	4,583
Other non-cash income and expenses		(264)	(291)
Profit from sale of financial assets recognised at equity		(25)	-
Profit from sale of subsidiaries	2	-	(34,430)
Profit / loss from retirement of assets		(9)	59
Income taxes paid		(98)	(3,553)
Income taxes received		83	-
Interest received		83	13
Interest paid in connection with leases (IFRS 16)	16	(105)	(257)
Net financial expenses	10	75	274
Income from associates	11	900	268
Changes in provisions	28, 29	(4,795)	(4,276)
Changes in trade receivables	18	(4,056)	2,433
Changes in trade payables		6,223	524
Changes in other assets and liabilities		(3,917)	749
Cash flow from operating activities	32	**(1,258)**	**(7,662)**
Cash flow from investing activities	33		
Payments for purchase of intangible assets		(473)	(895)
Payments for purchase of property, plant and equipment		(3,047)	(6,380)
Payments for purchase of a subsidiary, less liquid funds thereby acquired	2	(10,635)	(15,483)
Payments for purchase of financial assets recognised at equity		-	(6,391)
Proceeds from sale of property, plant and equipment		32	228
Proceeds from sale of subsidiaries, less liquid funds thereby disposed of	2	-	53,619
Proceeds from sale of financial assets recognised at equity		134	-
Cash flow from investing activities	33	**(13,989)**	**24,698**
Cash flow from financing activities	33		
Repayments of convertible bonds		(6)	(7)
Proceeds from issue of shares		-	154
Interest paid		(3)	-
Repayments of lease liabilities	16	(5,056)	(5,408)
Cash flow from financing activities	33	**(5,065)**	**(5,261)**
Change in cash and cash equivalents		**(20,312)**	**11,775**
Cash and cash equivalents as of 1 January		56,700	44,925
Cash and cash equivalents as of 31 December	22	**36,388**	**56,700**

Consolidated Balance Sheet

€ 000s	Note	31 Dec. 2022	31 Dec. 2021
ASSETS			
Non-current assets			
Property, plant and equipment	14	21,113	21,628
Land and buildings	14	16,662	17,381
Goodwill	15	15,854	29,956
Right-of-use assets	16	7,802	12,809
Other intangible assets	17	5,074	7,343
Financial assets recognised at equity	11	5,277	6,286
Prepayments	19	1,464	1,138
Other non-current assets	21	1,068	537
Deferred tax assets	38	-	77
Non-current assets		**74,314**	**97,155**
Current assets			
Trade receivables	18	39,681	35,424
Prepayments	19	6,667	5,799
Inventories	20	217	249
Other current assets	21	3,793	4,973
Cash and cash equivalents	22	36,388	56,700
Current assets		**86,746**	**103,145**
TOTAL ASSETS		**161,060**	**200,300**

€ 000s	Note	31 Dec. 2022	31 Dec. 2021
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	23	124,579	124,579
Capital reserve	24	144,084	144,147
Other reserves	26	(319)	(1,752)
Accumulated deficit		(153,203)	(119,899)
Equity attributable to owners of parent company		**115,141**	**147,075**
Non-controlling interests		510	294
Shareholders' equity		**115,651**	**147,369**
Liabilities			
Non-current liabilities			
Trade payables	30	750	1,125
Lease liabilities	16	5,009	4,684
Other financial liabilities	27	5,686	2,376
Accrued pensions	28	2,312	4,830
Other provisions	29	780	440
Non-current liabilities		**14,537**	**13,455**
Current liabilities			
Trade payables and other liabilities	30	23,898	24,250
Lease liabilities	16	2,731	8,989
Other provisions	29	1,604	4,221
Tax provisions	29	2,155	1,621
Deferred income	31	484	395
Current liabilities		**30,872**	**39,476**
Liabilities		**45,409**	**52,931**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**161,060**	**200,300**

Consolidated Statement of Changes in Equity

€ 000s	Note	Equity attributable to equity holders of q.beyond AG			
		Issued capital	Capital reserve	Other reserves (Actuarial losses)	Accumulated deficit
Balance as of 1 January 2022		**124,579**	**144,147**	**(1,752)**	**119,899**
Consolidated net income		-	-	-	(33,304)
Other comprehensive income, net of taxes	26	-	-	1,433	-
Total comprehensive income		-	**-**	**1,433**	**(33,304)**
Non-cash share-based remuneration	36	-	(63)	-	-
Balance as of 31 December 2022		**124,579**	**144,084**	**(319)**	**(153,203)**
Balance as of 1 January 2021		**124,472**	**144,160**	**(2,466)**	**(129,611)**
Consolidated net income		-	-	-	9,712
Other comprehensive income, net of taxes	26	-	-	714	-
Total comprehensive income		**-**	**-**	**714**	**9,712**
Exercising of convertible bonds	23, 24	107	47	-	-
Non-cash share-based remuneration	36	-	(60)	-	-
Acquisition of a subsidiary					
with non-controlling interests		-	-	-	-
Balance as of 31 December 2021		**124,579**	**144,147**	**(1,752)**	**(119,899)**

Total	Non-controlling interests	Total equity	
147,075	**294**	**147,369**	**Balance as of 1 January 2022**
(33,304)	216	(33,088)	Consolidated net income
1,433	-	1,433	Other comprehensive income, net of taxes
(31,871)	**216**	**(31,655)**	**Total comprehensive income**
(63)	-	(63)	Non-cash share-based remuneration
115,141	**510**	**115,651**	**Balance as of 31 December 2022**
136,555	**-**	**136,555**	**Balance as of 1 January 2021**
9,712	133	9,845	Consolidated net income
714	-	714	Other comprehensive income, net of taxes
10,426	**133**	**10,559**	**Total comprehensive income**
154	-	154	Exercising of convertible bonds
(60)	-	(60)	Non-cash share-based remuneration
			Acquisition of a subsidiary
-	161	161	with non-controlling interests
147,075	**294**	**147,369**	**Balance as of 31 December 2021**

Notes to the Consolidated Financial Statements for the 2022 Financial Year

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 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 the 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.

Accounting Policies

1 Basis of preparation

Pursuant to Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and the Council dated 19 July 2002, the company is required to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). Pursuant to § 315e (1) of the German Commercial Code (HGB), it is thus exempted from preparing consolidated financial statements in accordance with HGB. q.beyond prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) that require application in the European Union (EU) as of 31 December 2022, as well as with the supplementary requirements of § 315e (1) of the German Commercial Code (HGB). The company took due account of all IFRSs requiring mandatory application in the EU in the 2022 financial year, as well as of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

In its consolidated financial statements, q.beyond generally makes application of the cost method. Material exceptions relate to liabilities for equity-settled share-based payments and the net liability for defined benefit pension plans.
The financial year of q.beyond AG and its subsidiaries included in consolidation corresponds to the calendar year. The consolidated financial statements are presented in euros, the company's functional currency. Unless stated otherwise, 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 this Annual Report.
No events or transactions which would have a material effect on the Group's financial position, financial performance or cash flows occurred between the end of the reporting period and 23 March 2023 (the date on which the consolidated financial statements were approved by the Management Board for submission to the Supervisory Board).
The consolidated income statement has been prepared using the cost-of-sales method. In the interests of clarity and informational value, individual line items have been aggregated in the income statement and balance sheet. These line items are reported and commented on separately in the notes.

2 Scope of consolidation and amendments under company law

The consolidated financial statements comprise the financial statements of q.beyond AG and its subsidiaries as of 31 December of each financial year. The financial statements of subsidiaries included in consolidation have been prepared on the basis of uniform accounting policies pursuant to IFRS 10 (Consolidated Financial Statements). All subsidiaries have the same balance sheet date as the parent company q.beyond AG.
All intragroup transactions and balances are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition, i.e. the date on which q.beyond obtains control. Inclusion by way of full consolidation ends upon the parent company no longer exercising control. Information on the companies included in the consolidated financial statements is provided in Note 34.
Non-controlling interests are measured upon acquisition at their respective share of identifiable net assets at the company thereby acquired.

Acquisition of 51% of shares in productive-data GmbH

q.beyond acquired 51% of the shares in productive-data GmbH, Hamburg, on 27 October 2022. Due to materiality considerations, the date from which the company's assets and liabilities are attributable to q.beyond is 31 October 2022.

The object of productive-data GmbH involves developing software, selling and implementing this in the market by planning, compiling, marketing and supervising dedicated products, as well as acting as an intermediary for shares in companies intended to acquire and operate products and sales concepts of this nature. Since the acquisition, productive-data GmbH contributed revenues of € 1,873k and income of € 93k to consolidated net income. If the acquisition had been executed as of 1 January 2022, then consolidated revenues would have amounted to € 181,275k and consolidated net income would have amounted to € -32,657k.

Consideration transferred. The fair values as of the acquisition date of each main group of consideration are presented in summarised form below:

€ 000s	
Cash and cash equivalents	2,500
Conditional consideration due to mutual call/put options	4,444
Total consideration transferred	**6,944**

The preliminary purchase price for the acquisition of the 11,475 shares with a nominal value of € 1 each amounted to € 6,944k. Based on a probability-weighted scenario analysis, alongside the fixed purchase price of € 2,500k an additional variable purchase price of € 4,444k was assumed. By way of three mutual call/put options exercisable in the years from 2024 to 2026, q.beyond AG has committed to acquire a further total of 49% of the shares in productive-data GmbH. The call/put options are dependent on a specific level of income to be generated in the company in the financial years from 2023 to 2025 and amount to a maximum total of € 6,668k. The minimum purchase price to acquire all of the shares amounts to € 2,500k.

Costs associated with the business combination. At q.beyond, the costs incurred in connection with the business combination comprise an amount of € 78k for due diligence expenses and legal advice. These costs are recognised in general and administrative expenses.

Identifiable assets acquired and liabilities assumed. The amounts recognised for the assets acquired and liabilities assumed as of the acquisition date are presented in summarised form below:

€ 000s	
Property, plant and equipment	12
Right-of-use assets	119
Other intangible assets	1
Trade receivables	1,887
Prepayments	87
Other assets	94
Cash and cash equivalents	337
Lease liabilities	(119)
Trade payables and other liabilities	(1,567)
Tax provisions	(136)
Deferred income	(82)
Total identifiable net assets	**633**

Goodwill. Prior to the execution of a purchase price allocation, the goodwill arising upon the acquisition has been preliminarily recognised as follows:

€ 000s	
Consideration transferred	6,944
Fair value of identifiable net assets	633
Goodwill	**6,311**

The preliminary goodwill is chiefly attributable to the extension in the potential customer base by accessing the data analytics market and the access to a sector-specific portfolio. q.beyond is thus adding a further module to its portfolio of services, increasing its proprietary value creation and accessing additional growth opportunities. None of the goodwill recognised is deductible for tax purposes.

Acquisition of business operations of ScanPlus GmbH (in insolvency)

On 23 December 2021, q.beyond Erwerbergesellschaft GmbH (now operating under the name q.beyond Cloud Solutions GmbH) took over the business operations of ScanPlus GmbH (in insolvency). As well as property, plant and equipment of € 4,341k and intangible assets not specified in any greater detail of € 5,494k, the takeover also included the company's employees and customers, as well as its contractual arrangements with significant landlords and lessors. In the past financial year, the unspecified intangible assets were recognised as preliminary goodwill. The purchase price allocation was executed in the 2022 financial year. The intangible assets acquired but not previously recognised amount to € 4,653k in total and comprise customer relationships of € 2,079k and various software products of € 2,574k. In the first half of 2022, the lease agreements taken over together with the business operations, involving leases of property, plant and equipment and intangible assets, were converted into purchase agreements. The acquisition costs amounted to € 4,361k for the acquisition of property, plant and equipment and to € 2,387k for the acquisition of intangible assets.

3 Significant judgements and estimates

The application of accounting policies requires the use of judgements as well as of forward-looking assumptions and estimates. Actual outcomes may differ from those assumptions and estimates. Significant adjustments to the carrying amounts of assets and liabilities may therefore be required within the coming financial year. The use of judgements, assumptions and estimates was required in particular for the accounting treatment of the following items:

(a) Judgements made when applying accounting policies which could have the most material impact on the amounts recognised in the consolidated financial statements relate to the following items:

Note 6 – Revenues: Determining the percentage of completion for performance obligations satisfied over time

Note 6 – Revenues: Determining allocation of the transaction price to the performance obligations

Note 16 – Term of lease contract: Determining whether the exercising of extension options is reasonably certain

(b) Assumptions and estimates mainly relate to the following items:

Notes 15 and 17 – Impairment test on **intangible assets** and **goodwill:** Significant assumptions underlying calculation of the recoverable amount

Note 16 – Determining discount rates to calculate the present value of **lease liabilities**

Note 18 – Trade receivables: Measuring allowances based on expected credit losses: significant assumptions used to determine weighted average default rate

Note 38 – Recognition of **deferred tax assets:** Availability of future taxable earnings against which deductible temporary differences can be offset

Note 27 – Other financial liabilities: Significant assumptions concerning level of future payments for call/put obligations relating to the acquisition of shares in productive-data GmbH

Note 28 – Measurement of **pension provisions:** Significant actuarial assumptions

Note 29 – Recognition and measurement of **provisions:** Significant assumptions concerning probability and scale of outflow of benefits

4 Summary of significant accounting policies

Revenue and expense recognition. q.beyond recognises revenues upon satisfaction of the respective performance obligation by transfer of the promised good or promised service to the customer. The asset counts as transferred when the customer gains control over it. Furthermore, the following criteria have to be met for revenues to be recognised:

- For services performed by q.beyond, the benefits of those services generally flow to customers who simultaneously receive and consume the benefits of the services while they are being performed (IFRS 15.35a). On this basis, revenues are recognised over time.
- For services performed in regular IT service operations, q.beyond draws on the practical expedient provided for in IFRS 15.B16, under which revenues are recognised in the amount for which q.beyond is entitled to invoice the customer, as q.beyond is entitled to consideration in the amount directly corresponding to the value of services already performed.
- For the performance of transition services (mainly in connection with the outsourcing of IT infrastructures) which precede the performance of regular IT service operations, revenues are recognised based on the percentage of completion. This is determined using "milestones reached" as a specific variant of the output-based method.
- For services performed in regular IT service operations, standalone prices are, as a general rule, contractually allocated to the individual performance obligations. No further allocation is therefore required.
- For transition services, standalone milestones are measured at expected cost plus a margin (IFRS 15.79b), with the transaction price being allocated to individual milestones on this basis.
- q.beyond recognises interest income when interest arises. Interest income also includes interest unwound on finance lease receivables from multiple element arrangements. This is calculated using the effective interest method based on a rate which discounts the estimated future cash flows over the expected life of the financial instrument to its net carrying amount.

- Multiple element arrangements consist of a service portion and a hardware lease, where the fair values of the two components are separable and can be reliably determined. Application of IFRS 16 requirements to hardware leases means that q.beyond functions as lessor in certain multiple element arrangements. The lease agreements relate to identifiable assets usable exclusively by the customer. Revenues for services performed under the service contract are distributed in line with performance over the contractual period. For the portion of the multiple element arrangement classified as a finance lease, the revenues are recognised upon inception of the arrangement and the interest portion is recognised over the term of such. In these cases, amounts owed by customers (lessees) under a finance lease are recognised as discounted receivables. When measuring hardware leases as operating leases, the revenues are recognised on a monthly basis in accordance with the contractual terms. The total contractual performance is apportioned to the respective components using the residual value method, as this most closely reflects the economic substance of the contracts.
- Operating expenses are recognised when the performance has been utilised or at the time they are incurred.

Specifically, q.beyond structures its revenue recognition as follows:

The **Cloud & IoT segment** pools all IT services that assist companies in gradually transitioning to the digital age. 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. The IoT business also includes software competence, hardware from sensors through to gateways, and secure data transmission and storage.
Revenues from rental and service agreements are recognised in line with the services performed, i.e. basically on a time-apportioned basis over the contract term. Furthermore, this segment generates revenues from sales of hardware and software. Revenues from the sale of hardware and from rental and lease transactions viewed as sales in terms of their economic substance are recognised upon shipment of the hardware to the customer and provided that the company does not have any unsatisfied obligations impacting on final acceptance by the customer. All costs resulting from these obligations are recognised at the same time as the corresponding revenues.

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.
Revenues from the respective service contracts are recognised in line with the services performed, i.e. basically on a time-apportioned basis over the contract term. Revenues from contracts for services charged in line with time inputs are recognised upon performance of the working hours and at the contractually agreed hourly rates.

Foreign currency translation. q.beyond presents its consolidated financial statements in euros. Transactions in currencies other than the euro are initially recognised using the spot exchange rate on the transaction date. Differences arising from changes in the exchange rate between the transaction date and the settlement or balance sheet date are recognised through profit or loss.

Property, plant and equipment. q.beyond recognises property, plant and equipment at cost less accumulated depreciation and impairment losses. Repair and maintenance expenses that do not constitute material replacement investments are directly expensed in the period in which they are incurred. The estimated useful lives of assets are taken as the basis for applying straight-line depreciation.
Any excess in the carrying amount of an asset over its respective recoverable amount is recognised through profit or loss as an impairment loss. Property, plant and equipment are subject to straight-line depreciation over the following expected useful lives:

	Useful life in years
Property, plant and equipment	
Buildings	10 – 50
Installations on third-party land	3 – 20
Network and technical equipment	1 – 25
Plant and operating equipment	1 – 15

Borrowing costs. Borrowing costs are recognised as an expense in the period in which they are incurred. There are no qualifying assets as defined in IAS 23.

Business combinations and goodwill. q.beyond accounts for business combinations using the acquisition method. This involves recognising all identifiable assets, liabilities and contingent liabilities of the acquired business at fair value. Goodwill arising in a business combination is initially measured at the amount by which the company's interest in the fair value of the identifiable assets, liabilities and contingent liabilities exceeds the consideration transferred to the seller in connection with the business combination. q.beyond tests goodwill for impairment at least once a year and upon any change in circumstances or other indication that the carrying amount is potentially impaired.

Other intangible assets. Intangible assets are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination corresponds to their fair value as of the date of acquisition. Internally generated intangible assets are capitalised if the IAS 38 recognition criteria are met. The costs involved relate primarily to personnel and materials. Costs not eligible for capitalisation are recognised through profit or loss in the period in which they arise. An assessment is made initially as to whether the useful lives of intangible assets are finite or indefinite. Intangible assets with finite lives are subject to straight-line amortisation over their useful economic lives and tested for impairment whenever there is any indication of such. The company does not hold any intangible assets with indefinite useful lives.
For assets with finite useful lives, the amortisation period and method are reviewed at least at the end of each financial year.
Other intangible assets primarily include software, licences and similar rights. Moreover, brands and customer bases have been recognised as assets in conjunction with initial consolidations.

Any excess in the carrying amount of an asset over its respective recoverable amount is recognised through profit or loss as an impairment loss.
Acquired software is amortised over periods of 3 to 5 years. Internally generated intangible assets (development costs) are amortised after completion of the development phase over a period of 4 to 5 years. Acquired brands are written down over periods of up to 10 years.
The useful lives for acquired customer bases amount to between 2 and 20 years.

Financial assets recognised using the equity method. The shares held by q.beyond in financial assets recognised using the equity method comprise investments in associates. Associates are companies over which q.beyond has significant influence, but not control or joint control, over the financial and operating policy decisions of the companies.
The equity method requires investments in an associate to be recognised in the balance sheet at cost. The goodwill relating to an associate is included in the carrying amount of the investment and is not subject to amortisation. In applying the equity method, q.beyond determines whether any additional impairment losses require recognition in connection with the net investment held by q.beyond in the associate. The income statement includes q.beyond's share in the performance of the associate. Changes recognised by the associate directly in equity are also recognised by q.beyond directly in equity in line with its share and – where necessary – included in the statement of changes in equity.

Financial instruments

Financial assets and liabilities. Within the scope of IFRS 9, q.beyond has financial assets and liabilities that are primary debt instruments.

q.beyond measures financial assets and liabilities within the scope of IFRS 9 as follows:

	IFRS 9 category
Assets not measured at fair value	
Cash and cash equivalents	Amortised cost
Current trade receivables and other current assets	Amortised cost
Liabilities not measured at fair value	
Trade payables and other liabilities	Amortised cost
Other financial liabilities	Amortised cost
Liabilities measured at fair value	
Liabilities due to call/put options	Fair value measurement through profit or loss based on a Level 3 measurement model as no market data is available.

The classification category is based on the management requirements for financial debt instruments (“business model”) and the cash flow criterion (“basic loan feature/SPPI”).
The company determines this classification upon initial recognition and reviews the allocation at the end of each financial year. Where permitted and necessary, items are reclassified between categories.
Upon initial recognition, q.beyond measures financial assets at fair value. q.beyond recognises financial assets using performance-date accounting.
Cash and cash equivalents and trade receivables with fixed or determinable payments that are not listed on an active market are measured at amortised cost using the effective interest method, less any impairments, and including transaction costs. Gains and losses are recognised in period earnings if the assets are derecognised or impaired, as well as in the context of amortisations.
Moreover, other assets are recognised at nominal value and reported in line with their respective terms in the “Non-current assets” and “Current assets” line items.

Impairments of financial assets. The expected credit loss model pursuant to IFRS 9 requires not only an appraisal of information about past events and current conditions but also due consideration of forecasts of future economic conditions.

Financial instruments and contract assets. The estimated volume of expected receivables defaults is calculated using the simplified lifetime model based on experience with actual receivables defaults. All receivables have homogenous risk characteristics and are therefore not divided by customer group.

q.beyond recognises impairments for expected credit losses on:

- financial assets measured at amortised cost
- contract assets
- other receivables, including lease receivables.

Application of the IFRS 9 impairment requirements has not resulted in any material impairment of cash and cash equivalents. These are exclusively deposited on a short-term basis at German banks with investment grade ratings issued by the rating agencies Standard & Poor’s, Fitch and Moody’s.
q.beyond measures impairments in the amount of lifetime expected credit losses. When determining whether the default risk of a financial asset has increased significantly since initial recognition and estimating expected credit losses, q.beyond draws on reasonable and supportable information that is relevant and available within a reasonable timeframe and at reasonable cost. This includes both quantitative and qualitative information and analysis based on historical data at q.beyond and on in-depth assessments which include forward-looking information.
q.beyond assumes that the default risk for a financial asset has increased significantly when it is more than 180 days past due.
Financial assets are considered to be in default when the debtor is unlikely to be able to meet its credit obligation to q.beyond in full without q.beyond reverting to measures such as drawing on collateral (if available).
Lifetime expected credit losses are the credit losses expected to result from all potential default events during the expected term of the financial instrument.

The maximum period over which expected credit losses are measured is the maximum contractual period over which q.beyond is exposed to credit risk. Expected credit losses represent the probability-weighted estimates of credit losses.

Credit-impaired financial assets. q.beyond determines as of each balance sheet date whether financial assets recognised at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred.

Indicators that a financial asset may be credit impaired include the following observable data:

- Significant financial difficulty of the debtor
- Breach of contract, such as default or more than 180 days past due
- Probability that the debtor will enter bankruptcy or other financial reorganisation

Presentation of impairments for expected credit losses in the balance sheet. Impairments of financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairments. An impairment loss is charged to the gross carrying amount of a financial asset when, based on reasonable assessment, q.beyond expects that all or a portion of the financial asset will not be recovered. q.beyond performs an individual assessment of the time at which an impairment loss should be recognised, and the amount of such, based on whether there is reasonable expectation of collection.
Reminders are issued for outstanding receivables as soon as they become overdue. For all receivables, if payment is more than 180 days past due this is viewed as an indication of an increase in default risk. This triggers an impairment test for the receivable, i.e. all receivables that are more than 180 days past due are individually analysed to assess any need for impairment.
Based on historic recoverability data for the past five years, receivables that are not more than 180 days past due have a very low default rate of 0.1%. q.beyond does not expect to collect any significant proportion of impaired amounts. Financial assets for which impairment losses have been recognised may nevertheless be subject to enforcement measures to collect overdue receivables.

Contract acquisition costs. Contract acquisition costs are accounted for in accordance with IFRS 15. This involves recognising the costs incurred to obtain and perform the contract and writing these down over the expected contract term. If the costs exceed the expected revenues, the resultant loss is recognised immediately as an expense.

Prepayments. Transitory items involving outlays prior to the balance sheet date and relating to a specified period after the balance sheet date are recognised as prepayments.

Inventories. q.beyond initially measures inventories at cost. As of the balance sheet date, items are stated at the lower of cost and net realisable value.

Cash and cash equivalents. Cash and cash equivalents reported in the balance sheet and statement of cash flows comprise cash on hand, cash at banks, and short-term deposits with original maturities of three months or less. Cash funds that are subject to restrictions on disposal are recognised under other assets.

Provisions. A provision is recognised when q.beyond has a legal or constructive obligation as a result of a past event, when it is likely that an outflow of resources embodying economic benefits will be required to settle such an obligation, and when the amount of obligation can be reliably estimated. Where q.beyond expects some or all of a recognised provision to be reimbursed, the reimbursement is only recognised as a separate asset if the reimbursement is virtually certain. The expense for allocations to the provision is recognised in the income statement net of any reimbursement.

- **Severance payments.** Provisions are recognised for any existing legal or constructive obligations to grant severance payments to employees in connection with the termination of employment.

- **Dismantling obligations.** Provisions are recognised to cover the obligation to return the space let at a data centre to a contractually agreed state following expiry of the expected term of letting.

- **Restructuring measures.** A provision for restructuring measures is recognised as soon as q.beyond has approved a detailed and formal restructuring plan and the respective measures have either begun or been publicly announced.

Pensions. The obligations for defined benefit plans are determined separately for each plan using the projected unit credit method and on the basis of actuarial surveys. Actuarial gains and losses are recognised under other reserves within other comprehensive income. The assumptions used by the company to measure actuarial obligations are described in Note 28. Obligations for contributions to defined contribution plans are expensed as soon as the associated work has been performed.

Stock option plans. q.beyond's employees may receive share-based remuneration in the form of equity instruments in return for work performed. q.beyond measures the expense of issuing such equity instruments on the basis of the fair value of the equity instrument at the grant or provision date (based on the stock option plans resolved or modified after 7 November 2002) and uses an appropriate option price model. Further details can be found in Note 36. The expense recognised for granting equity instruments and the corresponding increase in equity are spread over the vesting period of the options.
q.beyond does not recognise any expense for remuneration claims which cannot be exercised. If the terms and conditions of an equity-based remuneration agreement are modified, q.beyond recognises as a minimum the level of expense that would have arisen in the absence of such modification.
If an equity-based remuneration agreement is cancelled, q.beyond accounts for the agreement as if it had been exercised on the cancellation date and recognises the previously unrecognised expense immediately.

Leases. Upon commencement of the respective contract, q.beyond assesses whether it is or contains a lease. This is the case when the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. q.beyond bases its assessment of whether a contract conveys the right to control an identified asset on the definition of a lease provided in IFRS 16. This method is applied to contracts concluded on or after 1 January 2019.

I q.beyond as lessee

Upon the commencement or amendment of a contract containing a lease component, q.beyond divides the contractually agreed consideration on the basis of the relative stand-alone prices. For closed non-lease components in the case of leased vehicles, q.beyond has nevertheless opted to forego separating the non-lease components and has rather recognised the lease and non-lease components as a single lease component.
At the commencement date, q.beyond recognises an asset for the right thereby conveyed to use the leased asset ("right-of-use asset") and a lease liability.
The right-of-use asset is initially measured at cost, corresponding to the initial measurement of the lease liability, adjusted to account for payments made at or before the commencement date, plus any initial direct costs and the estimated costs of dismantling or removing the underlying asset or of restoring the underlying asset or the place in which it is located, and less any lease incentives received.
In subsequent periods, the right-of-use asset is subject to straight-line depreciation from the commencement date though to the end of the lease period. Furthermore, the right-of-use asset is corrected where necessary to account for impairments and adjusted to account for specified remeasurements of the lease liability.
The lease liability is initially recognised at the present value of the lease payments that have not yet been paid at the commencement date, discounted using the interest rate implicit in the lease or, if that cannot be readily determined, using q.beyond's incremental borrowing rate. In general, q.beyond uses its incremental borrowing rate as the discount rate.
To calculate its incremental borrowing rate, q.beyond obtains interest rates from various external financing sources and makes specified adjustments intended to account for the lease conditions and asset type.

The lease payments included in the measurement of the lease liability comprise:

- fixed payments
- variable payments that depend on an index or a rate
- payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at its updated carrying amount using the effective interest method. It is remeasured if the future lease payments change due to a change in an index or if q.beyond changes its assessment concerning the exercising of any extension or termination option.

Any such remeasurement of the lease liability leads to a corresponding adjustment in the carrying amount of the right-of-use asset, or to recognition of such remeasurement through profit or loss if the carrying amount of the right-of-use asset is reduced to zero.

q.beyond has drawn on the following significant options and practical expedients:

- Right-of-use assets and lease liabilities are recognised as separate line items in the balance sheet.
- Lease contracts for low-value assets are not treated as leases, but will rather be presented as current expenses in future as well.
- Short-term leases (less than twelve months) are not recognised in the balance sheet.
- Leases of intangible assets are not within the scope of IFRS 16 but are rather governed by IAS 38.

II q.beyond as lessor

Upon the commencement or amendment of a contract containing a lease component, q.beyond divides the contractually agreed consideration on the basis of the relative stand-alone prices. For arrangements containing lease and non-lease components, q.beyond applies IFRS 15 to allocate the contractually agreed consideration.
When q.beyond acts as a lessor, each lease is classified upon commencement of the contract either as a finance lease or as an operating lease.
To assess each lease, q.beyond has performed an overall assessment to ascertain whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. The lease is classified as a finance lease where this is this case, and otherwise as an operating lease. In making this assessment, q.beyond accounts for certain indicators, such as whether the lease covers the major part of the economic life of the asset.
q.beyond recognises the head lease and the sublease separately in cases in which the company acts as an intermediate lessor. q.beyond classifies the sublease by reference to the right-of-use asset arising from the head lease rather than by reference to the underlying asset. If the head lease is a short-term lease, q.beyond classifies the sublease as an operating lease.
q.beyond applies IFRS 9 requirements for derecognition and impairment to its net investment in a lease.
Lease payments from operating leases are credited to sales on a straight-line basis over the term of the lease.

Contract liabilities. Prepayments that have been received before the related performance obligation has been satisfied are stated as contract liabilities and recognised as sales over the agreed contractual term.

Taxes. q.beyond recognises current income tax assets and liabilities for current and prior periods at the amount expected to be reimbursed by or paid to the tax authorities. To calculate this, the company uses the tax rates and tax laws applicable to the relevant assessment period. Current income taxes relating to items recognised directly in equity are also recognised in equity.

Deferred taxes are recognised using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

q.beyond recognises deferred tax liabilities for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill
- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that at the time of the transaction does not affect taxable profit or loss; and
- where the deferred tax liability arises from taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

q.beyond recognises deferred tax assets for all deductible temporary differences and unused tax loss carryovers to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, tax loss carryovers not yet used and tax credits can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that at the time of the transaction affects neither the reported result for the period nor taxable profit or loss; and
- where the deferred tax asset relates to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, if it is probable that the temporary differences will not reverse in the foreseeable future and insufficient taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are also reassessed at each balance sheet date and recognised to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

q.beyond measures deferred tax assets and liabilities at the tax rates expected to apply to the year when the asset is realised or the liability settled based on tax rates and tax laws that have been enacted as of the balance sheet date. Future changes in tax rates have to be accounted for if enacted or substantively enacted by the end of the reporting period.

Deferred taxes in connection with items recognised directly in equity in other comprehensive income are likewise recognised directly in equity (through OCI) and not through profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to taxes on income at the same taxable entity and due to the same tax authority.

5 Changes to accounting policies

New, currently valid requirements

Effective date	New or amended standards and interpretations
1 January 2022	Business Combinations – Reference to the Conceptual Framework (Amendments to IFRS 3)
	Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)
	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (Annual Improvements 2018 – 2020 Cycle)

These amendments did not have any material implications for the consolidated financial statements.

Future requirements and new standards not yet applied

The table below provides an overview of the latest amendments to IFRS requiring application in financial years beginning after 1 January 2023.

Effective date	New or amended standards and interpretations
1 January 2023	Insurance Contracts (Amendments to IFRS 17)
	Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)
	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
	Accounting Policies, Changes in Estimates and Errors – Definition of Accounting Estimates (Amendments to IAS 8)
	Income Taxes – Deferred Tax Related to Assets and Liabilities from a Single Transaction (Amendments to IAS 12)
1 January 2024	Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
Expected effective date still outstanding in EU	Non-Current Liabilities with Covenants (Amendments to IAS 1)
	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amended standards and interpretations are not expected to have any material implications for the consolidated financial statements. q.beyond has not made premature application of any standards, interpretations or amendments that have been published but have not yet taken effect.

Notes to the Consolidated Income Statement

6 Revenues

Revenues from hardware leases in the context of multiple element arrangements amounted to € 434k in 2022 (2021: € 283k).

A breakdown of revenues by geographical regions is presented in the tables below. Furthermore, the revenues thereby broken down are reconciled with the segments described in Note 35.

€ 000s	Geographical region					
	Germany		Outside Germany		Total	
	2022	2021	2022	2021	2022	2021
Segments						
Cloud & IoT	132,178	108,543	7,011	5,108	139,189	113,651
SAP	33,374	39,806	459	1,704	33,833	41,510
Total	**165,552**	**148,349**	**7,470**	**6,812**	**173,022**	**155,161**

	Revenues in € 000s		Revenues in %	
	2022	2021	2022	2021
Sectors				
Retail	57,846	58,890	33.4%	38.0%
Logistics	18,289	7,554	10.6%	4.8%
Manufacturing	29,946	34,727	17.3%	22.4%
Other	66,941	53,990	38.7%	34.8%
Total	**173,022**	**155,161**	**100.0%**	**100.0%**

q.beyond generally draws on the practical expedient provided in IFRS 15.121, which permits outstanding performance obligations for contracts with expected original terms of no longer than one year and revenues recognised in line with their invoicing to be exempted from the disclosure obligation.

7 Expenses by category

As in the previous year, of the total research and development expenses of € 5,431k (2021: € 7,550k), an amount of € 0k was capitalised as development expenses as the respective outlays did not meet the requirements of IAS 38.57.

€ 000s	**2022**	**2021**
Employee benefit expenses	91,260	82,897
Procured input expenses	65,868	56,284
Depreciation/amortisation of non-current and right-of use assets	17,043	16,311
Consulting expenses	5,182	6,250
Other personnel-related expenses	3,830	2,412
Advertising expenses	1,564	1,628
Other expenses	5,157	5,384
Cost of revenues, sales and marketing expenses, general and administrative expenses	**189,904**	**171,166**

8 Depreciation, amortisation and impairments

Depreciation, amortisation and impairments are allocated to individual corporate functions as follows:

€ 000s	**2022**	**2021**
Cost of revenues	13,022	10,972
Sales and marketing expenses	226	229
General and administrative expenses	3,795	5,110
Impairment losses[1]	20,850	-
Depreciation, amortisation and impairments	**37,893**	**16,311**

[1] Reference is made to the information provided in Notes 15 and 17.

9 Other operating income and expenses

€ 000s	2022	2021
Income from subleases	1,187	1,162
Income from reversal of an earn-out obligation	1,128	-
Income from disposal of property, plant and equipment	771	44
Income from positive outcome of a lawsuit	711	-
Income from reversal of commission provision	709	-
Income from commercial services and charging on of such	576	99
Sundry other non-period income	486	161
Research subsidies and grants	141	100
Income from settlement agreement	135	-
Sundry other operating income	135	251
Income from insurance compensation	1	62
Income from sale of IP Exchange and IP Colocation	-	34,430
Other operating income	**5,980**	**36,309**

€ 000s	2022	2021
Non-period expenses	216	55
Negative deposit rates	134	155
Sundry other operating expenses	122	555
Property tax	48	54
Disposal costs for IP Exchange and IP Colocation	-	3,379
Dismantling obligations	-	926
Other operating expenses	**519**	**5,124**

10 Financial result

€ 000s	2022	2021
Interest income from trade receivables	43	-
Interest income from credit balances at banks	33	-
Interest income from reinsurance policies	26	10
Other interest income	16	25
Financial income	**118**	**35**

€ 000s	2022	2021
Interest expenses for leases	105	257
Interest expenses for pension provisions	73	34
Other interest expenses	15	18
Financing expenses	**193**	**309**

11 Income from associates

The table below presents the key financials of the associates in summarised form. The table also presents a reconciliation of the summarised key financials with the carrying amount of the respective investment held by q.beyond in the associates.

€ 000s	2022 snabble GmbH	2022 cargonerds GmbH	2022 aiXbrain GmbH[1]	2021 snabble GmbH	2021 cargonerds GmbH	2021 aiXbrain GmbH
Shareholding	**25.41%**	**25.10%**	**25.15%**	**25.41%**	**25.10%**	**25.15%**
Non-current assets	85	339	24	122	736	25
Current assets	869	1,777	50	2,184	3,825	122
Non-current liabilities	(750)	-	(270)	(724)	(180)	(270)
Current liabilities	(126)	(542)	(9)	(281)	(395)	(25)
Net assets (100%)	**78**	**1,573**	**(205)**	**1,301**	**3,986**	**(149)**
Carrying amount of investment in associate	**20**	**395**	**-**	**331**	**1,000**	**(37)**
Revenues	1,424	1,086	5	707	285	131
Net income	(1,229)	(2,280)	(64)	(401)	(513)	(147)
q.beyond's share of comprehensive income	**(312)**	**(572)**	**(16)**	**(102)**	**(129)**	**(37)**

[1] For the period from 1 January 2022 to 28 February 2022.

Pursuant to the resolution underlying the capital increase, on 22 July 2021 q.beyond AG acquired 9,341 new shares with a nominal value of € 1 each in snabble GmbH, Bonn. The purchase price amounted to € 9k. Furthermore, q.beyond AG made an additional payment of € 2,491k into the company's free capital reserve. On the same day, a further 413 shares in the company with a nominal value of € 1 each were acquired at a purchase price of € 111k. q.beyond's shareholding in snabble GmbH amounts to 25.41%.

The company's object is the compilation, licencing and marketing of software and the provision of a technical platform for handling transaction processes within the merchandise selling process.

In the context of a capital increase, q.beyond acquired 19,962 shares with a nominal value of € 1 each in Röhlig blue-net GmbH. The acquisition was dated 26 August 2021 and took effect as of midnight on 31 August 2021. The purchase price amounted to € 20k. Moreover, an additional amount of € 3,780k was paid into the company's free capital reserve. Based on the spinoff and takeover contract dated 8 November 2021, the "cargonerds business" sub-operation was transferred in its entirety to the newly founded company

cargonerds GmbH, which has its legal domicile in Bremen. This sub-operation also comprised the amount of € 3,780k paid into the capital reserve by q.beyond. As consideration for the transfer of the company assets thereby spun off, q.beyond AG was granted 6,275 shares in cargonerds GmbH with a nominal value of € 6,275. q.beyond's shareholding in cargonerds GmbH amounts to 25.10%.
The object of cargonerds is the design, programming and development, further development and operation of specific logistics software products aimed at digitalising business processes.
By sale and transfer agreement dated 24 March 2022, all of the shares held by q.beyond in aiXbrain GmbH were sold to Solopex Deutschland GmbH at a sale price of € 134k, which was settled in cash. The disposal gain amounted to € 25k.
The shareholdings in snabble GmbH and cargonerds GmbH are strategic investments. The income from associates results from continuing operations. No other income or expenses were incurred. Further information can be found in Note 37.

12 Earnings per share

The calculation of basic earnings per share is based on the consolidated net income attributable to ordinary shareholders in the parent company and the weighted average number of shares in circulation in the year under report.
A total of 124,579,487 shares were in circulation in the 2022 financial year.
The calculation of diluted earnings per share is based on the consolidated net income attributable to ordinary shareholders in the parent company and the weighted average number of shares in circulation in the year under report following adjustment for all dilutive effects of the convertible bonds issued in connection with stock option plans.

€ 000s	2022	2021
Consolidated net income attributable to shareholders in the parent company (basic)	(33,304)	9,712
Share-based remuneration in connection with employee share plans	-	(134)
Consolidated net income attributable to shareholders in the parent company (diluted)	(33,304)	9,578

Shares issued	2022	2021
Weighted average number of shares issued (basic)	124,579,487	124,542,420
Effect of conversion of convertible bonds	-	195,500
Effect of employee share plans	-	104,200
Weighted average number of shares issued (diluted)	124,579,487	124,842,120

The conversion effects for convertible bonds in the SOP 2012 and SOP 2015 share option plans and the associated share-based remuneration only account for those employee shares and convertible bonds for which the conditions for conversion were met at the balance sheet date, even if the respective holding period prior to conversion had not yet expired. Effects relating to the employee share plans have also only been accounted for to the extent that the terms and conditions underlying the plan were satisfied as of the balance sheet date.

13 Personnel expenses and employees

€ 000s	2022	2021
Wages and salaries	78,201	71,209
Employer social security contributions (pension insurance)	6,324	5,556
Employer social security contributions (other)	6,703	5,625
Pension expenses	289	261
Non-cash share-based remuneration	(257)	245
Employee benefit expenses	**91,260**	**82,897**

Wages and salaries include expenses of € 748k for the termination of employment contracts (2021: € 452k). q.beyond had an average total of 1,127 employees in the 2022 financial year (2021: 1,037). The following table presents the distribution of employees by key corporate function:

	2022	2021
Sales and marketing	134	136
Technology and consulting	912	827
Administration	74	67
Head office departments	7	7
Number of employees by corporate function (average)	**1,127**	**1,037**

Notes to the Consolidated Balance Sheet

14 Property, plant and equipment

€ 000s	Land and buildings	Network and technical equipment	Operational and business equipment	Total
Gross value at 1 Jan. 2021	**29,680**	**90,602**	**21,733**	**142,015**
Acquisitions due to business combinations	-	2,909	2,151	5,060
Additions	27	5,223	563	5,813
Disposals	-	(795)	(201)	(996)
Reclassifications	-	-	-	-
Retirements due to deconsolidation /				
Sale of IP Colocation GmbH and IP Exchange GmbH	(3,762)	(15,958)	(14,431)	(34,151)
Gross value at 31 Dec. 2021	**25,945**	**81,981**	**9,815**	**117,741**
Acquisitions due to business combinations	-	-	12	12
Additions	-	6,582	712	7,294
Disposals	-	(1,494)	(294)	(1,788)
Gross value at 31 Dec. 2022	**25,945**	**87,069**	**10,245**	**123,259**
Accumulated depreciation and impairments at 1 Jan. 2021	**8,931**	**68,295**	**15,788**	**93,014**
Additions	766	6,081	1,195	8,042
Disposals	-	(495)	(200)	(695)
Retirements due to deconsolidation /				
Sale of IP Colocation GmbH and IP Exchange GmbH	(1,133)	(9,796)	(10,700)	(21,629)
Accumulated depreciation and impairments at 31 Dec. 2021	**8,564**	**64,085**	**6,083**	**78,732**
Additions	719	6,227	1,506	8,452
Disposals	-	(1,407)	(293)	(1,700)
Accumulated depreciation and impairments at 31 Dec. 2022	**9,283**	**68,905**	**7,296**	**85,484**
Carrying amounts at 31 Dec. 2021	**17,381**	**17,896**	**3,732**	**39,009**
Carrying amounts at 31 Dec. 2022	**16,662**	**18,164**	**2,949**	**37,775**

As of 31 December 2022, the "Network and technical equipment" line item included assets under construction of € 734k (2021: € 554k).
In the income statement, q.beyond recognises depreciation and amortisation within the cost of revenues, sales and marketing expenses and general and administrative expenses line items.

15 Goodwill

Subsequent to the recognition of impairment losses of € 15,760k, goodwill amounted to € 15,854k as of 31 December 2022 (2021: € 29,956k).
In connection with the acquisition in 2021 of the business operations at ScanPlus GmbH by q.beyond Erwerbergesellschaft GmbH (now operating under the name q.beyond Cloud Solutions GmbH), initial consolidation led to the addition of preliminary goodwill amounting to € 5,494k. As a result of a purchase price allocation executed in 2022, the intangible assets not recognised upon initial consolidation were stated at an acquisition cost of € 4,653k. The purchase price allocation thereby executed led to a goodwill adjustment of the same amount.
In connection with the acquisition of shares in productive-data GmbH on 1 November 2022, the initial consolidation prior to the execution of a purchase price allocation resulted in the addition of goodwill amounting to € 6,311k.
Consistent with IFRS 8 requirements, the company's internal organisational structure used by the management for business decisions and performance assessments has been referred to as the basis for delineating segments. Accordingly, segment reporting is aligned to product structures. This has resulted in the segments of Cloud & IoT and SAP.
The groups of cash-generating units (CGUs) to which goodwill has been allocated basically correspond to the operating segments determined for the companies included in consolidation pursuant to IFRS 8.5. The operating segments represent the lowest level of reporting at the companies included in consolidation for which goodwill is systematically monitored. Due to the purchase price allocation still outstanding, the goodwill attributable to productive-data GmbH was not yet allocated to any CGU as of the balance sheet date. The goodwill determined on a preliminary basis has been tested for impairment on the level of the productive-data legal unit.
Taking due account of the changes in the companies consolidated, the carrying amount of goodwill is allocated as presented below:

€ 000s	Cloud & IoT	SAP	productive-data
Carrying amount at 31 Dec. 2021	**20,413**	**9,543**	**-**
ScanPlus GmbH purchase price allocation	(4,653)	-	-
productive-data prior to purchase price allocation	-	-	6,311
Impairment	(15,760)	-	-
Carrying amount at 31 Dec. 2022	**-**	**9,543**	**6,311**

q.beyond determines the recoverable amount of the CGUs as their value in use and refers here to the cash flow forecasts from continued use of the CGUs based on the Management Board's planning for the company for a three-year period. This planning accounts for management expectations with respect to the future performance of individual business units and also takes due account of internal assumptions concerning the marketing opportunities for innovative applications, as well as of past experience.

The **Cloud & IoT segment** pools all IT services. Revenue growth in a single-digit percentage range has been assumed for the detailed planning period. This positive development is due above all to advancing digitalisation. Assuming that expenses do not rise to the same extent as revenues, a moderate increase in EBITDA, and thus also in the EBITDA margin, is expected. The sustainable growth rate is assumed to amount to 1.0%.

The significant revenue growth expected in the **SAP segment** is to be viewed in particular in connection with the conversion by customers to the new S/4HANA software generation. A moderate improvement in the EBITDA margin has been assumed. A sustainable growth rate of 1.0% has been assumed for this segment.

At **productive-data**, revenue growth in a double-digit percentage range and a slight improvement in the EBITDA margin are expected in the medium term. The sustainable growth rate is assumed to amount to 1.0%.

To discount the cash flows expected for the respective CGUs, the CGU-specific weighted average costs of capital (WACC) were determined. CGU-specific beta factors were derived by reference to peer group data.

CGU-specific pre-tax discount rates are as follows:

	2022
Cloud & IoT	10.9%
SAP	10.9%
productive-data	12.2%

The discount rate is determined on the basis of the weighted average cost of capital (WACC). The cost of equity is derived by application of the capital asset pricing model (CAPM). On this basis, the cost corresponds to the risk-free base rate plus a risk premium. This risk premium is determined by reference to the capital market data of comparable companies (peer group). The cost of debt is calculated on the basis of the return on risk-free investments and a rating-based risk premium. The WACC determined by reference to capital market data represents an after-tax figure and is converted into a pre-tax figure for the purpose of performing the impairment test.
The values in use of the SAP and productive-data CGU groups are € 35,925k and € 9,439k higher than the carrying amounts of the respective assets.
The value in use at Cloud & IoT fell short of the carrying amount of the respective assets. This resulted in a goodwill impairment of € 15,760k.
The calculation of the CGUs' value in use is subject to forecasting uncertainties, particularly in respect of the development in prices and market shares, with these uncertainties requiring consideration when planning revenues, gross profit, the capex ratio and the discount rate.
Various scenario analyses were performed for the impairment tests. The Management Board has determined that a change not deemed possible in a material assumption in SAP and productive-data might lead the carrying amount to exceed the recoverable amount. All other factors being equal, an impairment requirement would arise if revenues in the final planning year, and thus in perpetuity, were to fall 65.2% or 64.3% short of the revenues assumed in the plan.

16 Leases

q.beyond as lessee

In its capacity as lessee, q.beyond leases office space, car parking spaces, data centre space, vehicles, dark fibre lines and technical hardware. Pursuant to IFRS 16, the company has recognised right-of-use assets and lease liabilities for most of these lease contracts, i.e. the leases are recognised in the balance sheet. Right-of-use assets are initially measured in the amount of the respective lease liabilities, adjusted to account for any lease payments made in advance or deferred, and subsequently at amortised cost. Right-of-use assets are subject to straight-line depreciation over the term of the respective contract. q.beyond tested its right-of-use assets for impairment at the end of the financial year and concluded that there were no indications of impairment.

In applying IFRS 16, q.beyond drew on a number of practical expedients. Specifically, the company

- applied a single discount rate for a portfolio of similarly structured lease contracts (e.g. real estate contracts with similar remaining terms);
- did not recognise any right-of-use assets or lease liabilities for those leases with terms ending within 12 months, and
- did not recognise any right-of-use assets or lease liabilities for those leases for which the underlying asset is of low value (e.g. IT equipment).

The terms of contracts valid as of 31 December 2022 are presented in the following table:

	Term in years
Type of contract	
Lease contracts for office space	1 – 5
Lease contracts for car parking spaces	2 – 4
Lease contracts for data centre space	5 – 6
Lease contracts for cars	1 – 3
Lease contracts for dark fibre lines	1 – 6
Lease contracts for technical hardware	1 – 3

A number of lease contracts, mainly for real estate, include extension and termination options. In determining the terms of these contracts, due account is taken of all facts and circumstances offering an economic incentive to exercise extension options or not exercise termination options. q.beyond only accounts for amendments to the respective contractual terms due to the exercising or non-exercising of such options when these are reasonably certain to occur.
The company estimates that the potential future lease payments resulting from exercising the extension options on significant lease contracts would result in an undiscounted lease liability of € 5.8 million.
The opening values, additions, disposals and amounts of depreciation for the right-of-use assets underlying the respective classes are presented in the following table:

€ 000s	Real estate	Technical equipment	Operational and business equipment	Total
Gross value at 1 Jan. 2021	**23,705**	**1,570**	**997**	**26,272**
Acquisitions due to business combinations	4,555	4,833	601	9,989
Additions	795	132	353	1,280
Disposals	(1,254)	-	(258)	(1,512)
Retirements due to deconsolidation /				
Sale of IP Colocation GmbH and IP Exchange GmbH	(13,971)	(1,372)	(29)	(15,372)
Gross value at 31 Dec. 2021	**13,830**	**5,163**	**1,664**	**20,657**
Acquisitions due to business combinations	119	-	-	119
Additions	3,298	632	250	4,180
Disposals	(7,421)	(3,955)	(451)	(11,827)
Gross value at 31 Dec. 2022	**9,826**	**1,840**	**1,463**	**13,129**
Accumulated depreciation and impairments at 1 Jan. 2021	**9,286**	**705**	**455**	**10,446**
Additions	3,706	501	376	4,583
Disposals	(1,079)	(226)	(23)	(1,328)
Retirements due to deconsolidation /				
Sale of IP Colocation GmbH and IP Exchange GmbH	(5,075)	(776)	(2)	(5,853)
Accumulated depreciation and impairments at 31 Dec. 2021	**6,838**	**204**	**806**	**7,848**
Additions	2,895	749	613	4,257
Disposals	(6,267)	(279)	(232)	(6,778)
Accumulated depreciation and impairments at 31 Dec. 2022	**3,466**	**674**	**1,187**	**5,327**
Carrying amounts at 31 Dec. 2021	**6,992**	**4,959**	**858**	**12,809**
Carrying amounts at 31 Dec. 2022	**6,360**	**1,166**	**276**	**7,802**

Amounts recognised in the income statement in addition to depreciation:

€ 000s	2022
IFRS 16 leases	
Interest expenses on lease liabilities	105
Interest income on subleasing of right-of-use assets in finance leases	2
Expenses for low-value asset leases, except short-term leases of low-value assets	173

Amounts recognised in the statement of cash flows:

€ 000s	2022
Total outflow of cash for leases	**5,056**

The terms of the lease liabilities are presented in the table in Note 40.

q.beyond as lessor

Operating leases. q.beyond agrees lease-like components with its customers, in this case mainly for data centre space rental. Here, the company concludes part amortisation contracts without purchase options or price adjustment clauses. The lease contracts have average terms of three to five years (and in some cases provide for extension options).
In 2022, lease income of € 5,282k was recognised under revenues (2021: € 15,192k).
The following table presents a maturity analysis for lease receivables and shows the undiscounted lease payments due to be received after the balance sheet date:

€ 000s	2022
Operating lease contracts	
Less than 1 year	4,551
1 to 2 years	1,738
2 to 3 years	1,226
3 to 4 years	328
4 to 5 years	221
Operating lease contracts	**8,054**

Finance leases

q.beyond acts as lessor in some specialised multiple element arrangements and subleases. The following table presents a maturity analysis of the future minimum lease payments from finance leases:

€ 000s	2023	2024	2025
Minimum lease payments receivable in future			
Lease payments	344	104	54
Discounting	(11)	(4)	(1)
Present values	**333**	**100**	**53**

In 2022, an amount of € 1,577k was recognised as lease payments (2021: € 941k).

17 Other intangible assets

In its income statement, q.beyond reports depreciation and amortisation within the cost of revenues, sales and marketing expenses and general and administrative expenses line items. In the 2022 financial year, impairment losses of € 3,685k were recognised on capitalised customer relationships (2021: € 0k). Furthermore, impairment losses of € 1,405k were recognised on a preferential right acquired in return for payment (2021: € 0k).

€ 000s	Licenses	Acquired software	Internally generated software	Customer bases	Brands	Other	Total
Gross value at 1 Jan. 2021	**85**	**7,317**	**10,761**	**36,126**	**932**	**10,906**	**66,127**
Acquisitions due to business combinations	-	803	-	-	-	-	803
Additions	-	209	-	1,479	14	2,172	3,874
Disposals	-	-	-	-	-	-	-
Retirements due to deconsolidation / Sale of IP Colocation GmbH and IP Exchange GmbH	-	(42)	-	(16,389)	-	-	(16,431)
Gross value at 31 Dec. 2021	**85**	**8,287**	**10,761**	**21,216**	**946**	**13,078**	**54,373**
Acquisitions due to business combinations	-	1	-	-	-	-	1
Additions	-	2,501	-	-	-	-	2,501
Disposals	-	(2)	-	-	-	-	(2)
Reclassifications	-	2,574	-	2,079	-	-	4,653
Gross value at 31 Dec. 2022	**85**	**13,361**	**10,761**	**23,295**	**946**	**13,078**	**61,526**
Accumulated amortisation and impairments at 1 Jan. 2021	**85**	**5,234**	**10,288**	**26,327**	**915**	**10,896**	**53,745**
Additions	-	690	376	2,236	3	258	3,563
Disposals	-	-	-	-	-	-	-
Retirements due to deconsolidation / Sale of IP Colocation GmbH and IP Exchange GmbH	-	(29)	-	(10,249)	-	-	(10,278)
Accumulated amortisation and impairments at 31 Dec. 2021	**85**	**5,895**	**10,664**	**18,314**	**918**	**11,154**	**47,030**
Additions	-	2,424	97	4,981	3	1,919	9,424
Disposals	-	(2)	-	-	-	-	(2)
Accumulated amortisation and impairments at 31 Dec. 2022	**85**	**8,317**	**10,761**	**23,295**	**921**	**13,073**	**56,452**
Carrying amounts at 31 Dec. 2021	**-**	**2,392**	**97**	**2,902**	**28**	**1,924**	**7,343**
Carrying amounts at 31 Dec. 2022	**-**	**5,044**	**-**	**-**	**25**	**5**	**5,074**

18 Trade receivables

In terms of their historic recoverability, receivables that are not more than 180 days past due showed a very low default rate of 0.1% over the past five years. Unless the creditworthiness of the respective customer changes significantly in the first 180 days after performance of the respective service, based on historic empirical values and with due consideration of materiality factors q.beyond therefore does not recognise any allowance in this period. A risk allowance to cover the expected default is recognised on these receivables at the aforementioned rate of 0.1%. Receivables that are more than 180 days past due are considered on an individual case basis, i.e. all receivables more than 180 days past due are individually tested for impairment. As of 31 December 2022, trade receivables amounting to € 80k were impaired (2021: € 326k). The individual allowances schedule and risk allowance for expected credit losses developed as follows:

€ 000s	2022	2021
Allowance at 1 January	**326**	**585**
Added and expensed	80	123
Utilised	(48)	(49)
Reversed	(278)	(333)
Allowance at 31 December	**80**	**326**

The allowance recognised for trade receivables as of 31 December 2022 is structured as follows:

€ 000s	Default rate (weighted average)	Gross carrying amount	Allowance	Impaired credit-worthiness
Receivables				
Expected credit loss	0.1%	39,707	(34)	no
Individual allowance	84.5%	54	(46)	yes
Total		**39,761**	**(80)**	**39,681**

Receivables of € 46k were written down in the financial year under report (2021: € 28k).
Incoming payments of € 14k were received in the 2022 financial year (2021: € 27k) on previously written down receivables with carrying amounts of € 17k (2021: € 32k).

19 Prepayments

Non-current prepayments of € 1,464k (2021: € 1,138k) and current prepayments of € 6,667k (2021: € 5,799k) chiefly consist of prepayments for service, maintenance, rental, licence and insurance agreements.

20 Inventories

€ 000s	2022	2021
Inventories		
Unfinished services	100	-
Merchandise designated for sale	90	225
Consumables	27	24
Inventories	**217**	**249**

21 Other assets

€ 000s	2022	2021
Current assets		
Receivables from tax authorities	2,365	2,570
Receivables from a minority shareholder in connection with an exemption agreement	545	545
Cash deposits paid	441	606
Receivables from multiple element arrangements	256	448
Receivables from subleases	77	614
Contract acquisition costs	42	156
Other current assets	67	34
Current assets	**3,793**	**4,973**

€ 000s	2022	2021
Non-current assets		
Paid cash deposits	810	390
Receivables from multiple element arrangements	115	21
Receivables from subleases	38	16
Other non-current assets	105	110
Non-current assets	**1,068**	**537**

22 Cash and cash equivalents

Cash and cash equivalents amounted to € 36,388k at the 2022 balance sheet date (2021: € 56,700k) and consisted of cash at banks and cash on hand.

23 Issued capital

The company's issued capital amounted to € 124,579,487 at the balance sheet date and was thus unchanged on 31 December 2021. Issued capital comprised 124,579,487 no-par registered ordinary shares.

24 Capital reserve

The capital reserve amounted to € 144,084k as of 31 December 2022 (2021: € 144,147k). This amount also includes the deferred share-based remuneration for the stock option plans. The year-on-year change of € -63k is due to non-cash share-based remuneration.

25 Authorised and conditional capital

Authorised capital. By resolution of the Annual General Meeting on 20 May 2020, the Management Board is authorised, subject to approval by the Supervisory Board, to increase the company's issued capital by up to a total of € 37,000,000.00 on one or several occasions up to 19 May 2025 by issuing new no-par registered shares in return for contributions in cash and/or kind (Authorised Capital 2020).
As a general rule, subscription rights should be granted to shareholders. Subscription rights may also be granted to shareholders in such way that the new shares are taken over by one or several banks or companies defined in § 186 (5) Sentence 1 of the German Stock Corporation Act (AktG) and selected by the

Management Board with the obligation to offer the shares to shareholders for subscription (indirect subscription right). When drawing on authorised capital, the Management Board may, subject to approval by the Supervisory Board, exclude shareholders' subscription rights in five cases: (1) to exclude residual amounts from shareholders' subscription rights; (2) when the new shares are issued in return for contributions in kind in the context of business combinations or for the purpose of acquiring companies, parts of companies, interests in companies or of other assets or of rights to acquire other assets, including receivables due to the company; (3) if the new shares are issued in return for cash contributions and if, at the time of final stipulation, the issue price for each new share does not fall materially short of the stock market price of company shares of the same class and furnished with the same rights that are already listed. The number of shares issued to the exclusion of subscription rights in this way may not exceed a total of 10% of issued capital either at the time at which this authorisation takes effect or at the time at which the authorisation is drawn on. Other shares issued or disposed of during the term of this authorisation to the exclusion of subscription rights with direct or corresponding application of § 186 (3) Sentence 4 AktG must be imputed to this 10% limit, as must any shares issued to satisfy option and/or conversion rights or obligations in connection with warrant and/or convertible bonds and/or profit participation rights to the extent that such bonds or profit participation rights are issued during the term of this authorisation to the exclusion of subscription rights with corresponding application of § 186 (3) Sentence 4 AktG; (4) to the extent necessary to issue subscription rights for new shares to the bearers or creditors of warrant and/or convertible bonds with option and/or conversion rights or obligations that were or are still to be issued by the company or an affiliated group company pursuant to § 18 AktG in which the company directly or indirectly holds a majority stake, with such subscription rights for new shares being issued to the extent to which the aforementioned bearers or creditors would be entitled having exercised their option or conversion rights or satisfied their option exercise or conversion obligations; (5) if the new shares are to be issued to employees of the company, employees of a company affiliated with the company, or members of the management of a company affiliated with the company in the context of share participation or other share-based plans, in which case the employment relationship with the company or, in the case of an affiliated company, the affiliation with the company and the employment relationship with such affiliated company must still pertain at the time at which the issue of shares is approved; to the extent permitted by § 204 (3) Sentence 1 AktG, the contribution payable for the new shares may be covered from that portion of the annual net surplus which the Management and Supervisory Boards are permitted to allocate to other revenue reserves pursuant to § 58 (2) AktG. The number of shares issued to the exclusion of subscription rights in this way may not exceed a total of 5% of issued capital either at the time at which this authorisation takes effect or at the time at which the authorisation is drawn on; and only to the extent that the shares issued to the exclusion of shareholders' subscription rights in return for cash contributions or contributions in kind on the basis of and during the term of this authorisation or on the basis of another authorised capital do not exceed a total of 20% of issued capital either at the time at which this authorisation takes effect or at the time at which the authorisation is drawn on. Treasury shares disposed of to the exclusion of subscription rights during the term of this authorisation are imputed to the aforementioned 20% limit, as are any new shares to be issued to the exclusion of subscription rights during the term of this authorisation as a result of warrant and/or convertible bonds and/or option or conversion rights.

Any shares to be issued on the basis of convertible bonds resulting from any stock option plan at q.beyond AG which benefits Management Board members and company employees or members of the management and employees at affiliated companies are exempted from the aforementioned imputation.
This authorised capital is intended to enable q.beyond AG to react swiftly and flexibly to opportunities arising on the capital market and where necessary to obtain equity capital on favourable terms. No use was made of authorised capital in the past financial year.

Conditional capital. The company had conditional capital totalling € 27,344,500 as of the balance sheet date. This was divided into Conditional Capital IV (€ 25,000,000), Conditional Capital VIII (€ 1,919,500) and Conditional Capital IX (€ 425,000).
Conditional Capitals VIII and IX serve to grant conversion rights to bearers of convertible bonds that q.beyond AG has issued or may issue within the framework of existing stock option plans to Management Board members (Conditional Capital IX) or to managing directors of affiliated companies, employees of q.beyond AG and affiliated companies (Conditional Capital VIII).
Conditional Capital IV may be used by the Management Board to create tradable warrant and/or convertible bonds. The Management Board is authorised by resolution of the Annual General Meeting on 20 May 2020 to issue such instruments in order to access additional attractive financing alternatives on the capital market, depending on market conditions, over and above traditional possibilities of taking up debt and equity capital. The convertible bonds may be issued in return for both cash contributions and contributions in kind. The Management Board is authorised, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights to these warrant and/or convertible bonds in four cases: (1) to settle residual amounts resulting from the subscription ratio; (2) when the bonds are issued in return for contributions in kind, particularly in the context of company acquisitions; (3) if, in the case of bonds being issued in return for cash contributions pursuant to § 186 (3) Sentence 4 AktG, the issue price does not fall materially short of the market value of the bonds; and (4) to the extent necessary to issue subscription rights to the bearers or creditors of warrant and/or convertible bonds previously issued in order to avoid dilution of their respective holdings.
To date, the Management Board has not acted on the authorisation to issue tradable warrant and/or convertible bonds.
The exclusion of shareholders' subscription rights pursuant to § 186 (3) Sentence 4 AktG may only apply for the use of treasury stock, for the issue of new shares from authorised capital and for the issue of warrant and/or convertible bonds corresponding up to an aggregate total of no more than 10% of issued capital during the term of the respective authorisation. Apart from this, the exclusion of shareholders' subscription rights, irrespective of the legal grounds, for the use of treasury stock, for the issue of new shares from authorised capital and for the issue of warrant and/or convertible bonds (including those issued within q.beyond's stock option plans) may not exceed an aggregate total of 20% of issued capital during the term of the respective authorisation.

26 Other reserves

The development in this item in the 2022 and 2021 financial years is presented in the consolidated statement of changes in equity.
Other reserves were structured as follows as of 31 December:

€ 000s	2022	2021
Other reserves		
Actuarial losses on pension plans	(474)	(2,598)
Deferred taxes	155	846
Other reserves	**(319)**	**(1,752)**

27 Other financial liabilities

Other financial liabilities comprise call/put options of € 4,444k, which are exercisable in the years from 2024 to 2026, contingent consideration of € 734k (2021: € 1,861k), a loan liability of € 500k due to an associate with a fixed term until 30 September 2024 (2021: € 500k) and convertible bonds (see Note 36) of € 8k (2021: € 14k).

Call/put option (see Note 2). q.beyond acquired 51% of the shares in productive-data GmbH, Hamburg, on 27 October 2022, with the acquisition taking economic effect as of 1 January 2022. The fixed purchase price amounts to € 2,500k. By way of three call/put options exercisable in the years from 2024 to 2026, q.beyond has committed to acquire a further total of 49% of the shares in productive-data GmbH.
The call/put options are dependent on a specific level of income to be generated by the company in the financial years from 2023 to 2025 and amount to a maximum total of € 6,688k. Based on a probability-weighted scenario analysis, alongside the fixed purchase price an additional variable purchase price of € 4,444k was assumed and recognised as a non-current other financial liability.
q.beyond AG entered into an obligation towards the minority shareholder in q.beyond logineer GmbH to assume the potential tax charge resulting from the spin-off at the level of its shareholding in this company. This charge has been valued at € 734k.
Information about current liabilities under finance lease arrangements can be found in Note 16.

28 Pension provisions

q.beyond operates defined benefit pension plans which are partially secured through reinsurance policies that are classified as plan assets in accordance with IAS 19.
Pension provisions cover the obligations resulting from pension commitments made to one member of the Supervisory Board during his previous activity as a member of q.beyond's Management Board and to two former Management Board members at the former INFO AG, as well as obligations resulting from pension commitments made to parts of q.beyond's workforce in previous years.
The pension entitlements relate to defined benefits which depend primarily on the period of service with the company and the relevant level of pensionable salary. These defined benefit plans expose q.beyond to actuarial risks, including longevity and interest rate risks.
The pension provisions for defined benefit plans are measured using the projected unit credit method in accordance with the requirements of IAS 19 and take future developments into account. The biometric calculations were based on the 2018 G biometric tables of Prof. Dr. Klaus Heubeck – Lizenz Heubeck-Richttafeln-GmbH, Cologne.
q.beyond recognises actuarial gains and losses directly through other comprehensive income. In the 2022 financial year, accumulated actuarial losses after taxes of € 319k were recognised through other comprehensive income (2021: € 1,752k). Total actuarial gains after taxes came to € 1,433k in the 2022 financial year (2021: € 714k).

€ 000s	2022	2021
Present value of defined benefit obligation at 1 January	**7,303**	**8,683**
Interest cost	73	34
Actuarial gains (losses)		
Due to changes in financial assumptions	(2,226)	(714)
Due to experience adjustments	105	(334)
Benefits paid	(225)	(366)
Present value of defined benefit obligation at 31 December	**5,030**	**7,303**
Fair value of plan assets at 1 January	**(2,473)**	**(2,356)**
Interest income	(26)	(10)
Expenses from plan assets excluding amounts		
included in net interest income and expenses	(4)	(14)
Amounts paid out	-	120
Company contributions to plan assets	(215)	(213)
Fair value of plan assets at 31 December	**(2,718)**	**(2,473)**
Pension provision at 31 December	**2,312**	**4,830**
Discount factor	3.90%	1.02%
Rate of compensation increase	2.00%	2.00%
Pension indexation	1.00%	1.00%

Expenses for plan assets excluding amounts included in interest income are reported under other comprehensive income.
The income and expenses recognised in the income statement for defined benefit plans are structured as follows:

€ 000s	2022	2021
Pension expenses		
Interest cost	73	34
Income from plan assets recognised through profit or loss	(26)	(10)
Pension expenses	**47**	**24**

Pension payments of € 227k and funding contributions to plan assets of € 215k are expected in 2023.

If the aforementioned material assumptions used to measure pension obligations as of the balance sheet date were to change by half a percentage point in each case, pension obligations would increase / decrease as follows:

€ 000s	Change in pension obligations	Pension obligations
Change in interest rate +0.5%	(275)	4,755
Change in interest rate -0.5%	301	5,331

As of 31 December 2022, the weighted average term of the defined benefit obligation came to 13 years (2021: 15.2 years).
Employer contributions to defined contribution plans amounted to € 6,065k in the 2022 financial year (2021: € 5,556k).

29 Other provisions and tax provisions

(a) Other provisions

€ 000s	Restruc-turing	Redundancy payments	Dismant-ling	Onerous contracts	Obligation for part-time early retirement	Total
Balance at 1 January 2022	**1,818**	**1,137**	**1,491**	**215**	**-**	**4,661**
Added	538	86	315	428	25	1,392
Utilised	1,256	735	333	54	-	2,378
Reversed	191	221	718	161	-	1,291
Balance at 31 December 2022	**909**	**267**	**755**	**428**	**25**	**2,384**
Non-current	-	-	755	-	25	780
Current	909	267	-	428	-	1,604
Balance at 31 December 2022	**909**	**267**	**755**	**428**	**25**	**2,384**

Restructuring. The restructuring measures for which provisions were recognised in previous year will be completed in the 2023 financial year.

Redundancy payments. Provisions of € 86k were capitalised in 2022 for redundancy payments to employees. These provisions will be utilised in 2023. The estimated costs are based on the terms of the relevant agreements. As of the balance sheet date, q.beyond still had obligations resulting from previous years; these will be utilised in 2023.

Dismantling. The dismantling obligation comprises an amount of € 230k (2021: € 1,051k) for a leased office building whose rental term expires on 1 February 2026, as well as an amount of € 525k (2021: € 440k) for a rented data centre for which the rental term expires on 30 April 2028.

Onerous contracts. These relate to anticipated losses of € 355k on a project termination agreement concluded with a customer, as well as an amount of € 73k for payroll tax and social security contributions assumed by q.beyond in connection with the cash settlement of share-based remuneration.

Part-time early retirement obligation. Recognition of settlement provisions for employees based on individual part-time early retirement agreements concluded within the block model.

(b) Tax provisions

€ 000s	Corporate income tax and solidarity surcharge	Trade tax	Total
Balance at 1 January 2022	**56**	**1,565**	**1,621**
Taken over in a business combination	57	79	136
Added	193	225	418
Utilised	(5)	(14)	(19)
Reversed	(1)	-	(1)
Balance at 31 December 2022	**300**	**1,855**	**2,155**

30 Trade payables and other liabilities

€ 000s	2022	2021
Non-current		
Trade payables	750	1,125
Non-current	**750**	**1,125**

€ 000s	2022	2021
Current		
Trade payables	16,146	13,887
Personnel liabilities	3,318	7,229
Liabilities due to tax authorities	3,058	1,537
Debtors with credit balances	264	353
Contract liabilities	178	74
Other liabilities	934	1,170
Current	**23,898**	**24,250**

31 Deferred income

Consideration paid in advance for services that have not yet been performed or goods that have not yet been delivered is deferred on a time-apportioned basis over the term of the contract or over the period for which the customer relationship is expected to last.

Notes to the Consolidated Statement of Cash Flows

The statement of cash flows is divided into three sections: operating, investing and financing activities. The cash flow from operating activities has been calculated using the indirect method.
The cash flow from financing activities includes outgoing payments for the repayment of lease liabilities. Interest income is recognised in the cash flow from operating activities, while interest payments are accounted for in the cash flow from financing activities. Tax payments are reported in their full amount in the cash flow from operating activities, as it is not possible to allocate these items to individual segments.

32 Cash flow from operating activities

The cash flow from operating activities amounted to € -1,258k in the 2022 financial year and thus improved by € 6,404k compared with the previous year. The negative cash flow was mainly due to the increase in trade receivables by € 4,056k and in other assets and liabilities by € 3,917k. These factors were merely offset by the increase in trade payables by € 6,223k.

33 Cash flows from investing activities and financing activities

The cash flow from investing activities stood at € -13,989k in the 2022 financial year (2021: € 24,698k). Payments for acquisitions of subsidiaries amounted to € 10,635k in the financial year under report (2021: € 15,483k). Investments in the acquisition of property, plant and equipment and intangible assets fell by € 3,755k compared with the previous year. The positive cash flow from investing activities reported in the previous year resulted from the sale of IP Exchange GmbH (€ 44,032k) and of IP Colocation GmbH (€ 9,587k).

€ 000s	1 Jan. 2022	Cash-effective changes	Non-cash-effective changes	Additions due to initial consolidation	Retirement by way of conversion	31 Dec. 2022
Financial liabilities						
Long-term loans	-	500	-	-	-	500
Lease liabilities	13,673	(5,056)	3,893	119	(4,889)	7,740
Financial liabilities	**13,673**	**(4,556)**	**3,893**	**119**	**(4,889)**	**8,240**

Other Disclosures

34 Subsidiaries

The consolidated financial statements include the following companies:

€ 000s	Shareholdings in %	Equity 31 Dec. 2022	Net income 2022
Subsidiary, domicile, country			
(Disclosures as per HGB annual financial statements)			
q.beyond Cloud Solutions GmbH, Cologne, Germany	100.00	11,288	(6,665)
datac Kommunikationssysteme GmbH, Augsburg, Germany	100.00	1,080	-[1]
Q.BEYOND SIA, Riga, Latvia	100.00	286	87
q.beyond logineer GmbH, Bremen, Germany	51.00	938	345
productive-data GmbH, Hamburg, Germany	51.00	726	524

[1] Profit/loss transfer agreement with q.beyond AG since 1 Jan. 2022.

For all its subsidiaries, the control exercised by q.beyond is attributable to its share of voting rights. Information about the acquisition of productive-data GmbH can be found in Note 2.

35 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. This is defined as EBITDA before general and administrative expenses and the other operating result. For income statement purposes, the cost of revenues is thus allocated in full to the respective segment, as are sales and marketing expenses. The direct and indirect allocation of costs to individual segments is consistent with internal reporting and management structures.
Indirect cost allocation is primarily based on resource utilisation by the respective segments. The Management Board does not receive any regular information about segment-specific assets and liabilities, general and administrative expenses, depreciation and amortisation and other operating income and expenses as components of the respective segment earnings figures.

€ 000s	Cloud & IoT	SAP	Group
2022 financial year			
Revenues	**139,189**	**33,833**	**173,022**
Cost of revenues	(117,273)	(28,290)	(145,563)
Gross profit	**21,916**	**5,543**	**27,459**
Sales and marketing expenses	(10,208)	(2,437)	(12,645)
Segment contribution	**11,708**	**3,106**	**14,814**
General and administrative expenses			(14,911)
Depreciation and amortisation (including share-based remuneration)			(16,785)
Impairment losses			(20,850)
Other operating result			5,461
Operating earnings (EBIT)			**(32,271)**
Financial income			118
Financial expenses			(193)
Income from associates			(900)
Earnings before taxes			**(33,246)**
Income taxes			158
Consolidated net income			**(33,088)**

€ 000s	Cloud & IoT	SAP	Group
2021 financial year			
Revenues	**113,651**	**41,510**	**155,161**
Cost of revenues	(91,140)	(33,746)	(124,886)
Gross profit	**22,511**	**7,764**	**30,275**
Sales and marketing expenses	(10,180)	(2,387)	(12,567)
Segment contribution	**12,331**	**5,377**	**17,708**
General and administrative expenses			(17,157)
Depreciation and amortisation (including share-based remuneration)			(16,556)
Other operating result			31,185
Operating earnings (EBIT)			**15,180**
Financial income			35
Financial expenses			(309)
Income from associates			(268)
Earnings before taxes			**14,638**
Income taxes			(4,793)
Consolidated net income			**9,845**

Revenues include € 2,340k generated with non-German EU customers (mainly Austria [€ 1,222k], Malta [€ 444k], Netherlands [€ 332k] and Ireland [€ 222k]), as well as € 5,130k with non-EU customers (mainly UK [€ 3,863k] and Switzerland [€ 1,159k]). All other revenues were generated in Germany.
In the 2022 financial year, the “Cloud & IoT” and “SAP” segments had two customers who respectively accounted for 15.4% and 13.8% of total revenues.

36 Stock option plans

Since 1999, q.beyond has incepted a total of eight stock option plans providing for the issue of convertible bonds with a nominal amount of € 0.01 each to employees, Management Board members and members of the management at affiliated companies. Convertible bonds are allocated by the Management Board. The Supervisory Board alone decides on allocations to members of the Management Board of q.beyond AG. Participants in these plans are entitled to subscribe convertible bonds in return for payment of the nominal amount of € 0.01 and to convert each convertible bond into a no-par registered share in return for payment of the exercise price. The exercise price for the convertible bond corresponds to the stock market price of the share on the issue date. The convertible bonds have an eight-year term and are subject to a four-year lockup period following subscription.

As of the balance sheet date on 31 December 2022, the SOP 2012 and SOP 2015 plans were active. Convertible bonds allocated within the SOP 2012 plan were eligible for subscription for the last time on 15 May 2017. Allocations and subscriptions within the SOP 2015 plan, which is solely available to Management Board members, were possible until 26 May 2020.
The conversion right provided for by the SOP 2012 and 2015 plans may only be exercised at the earliest after the expiry of a four-year waiting period and only if at least one of the following two conditions is met: the share price is at least 20% higher than the conversion price or the share has outperformed the TecDAX in relative terms since the subscription date. No personnel expenses were recognised pursuant to IFRS 2 for the convertible bonds resulting from the 2000, 2000A, 2001 and 2002 SOP plans, none of which is now utilisable.
No option values had to be calculated in the 2021 and 2022 financial years for the SOP 2012 and 2015 plans. The distribution of the convertible bonds outstanding under the active plans as of 31 December 2022 and 31 December 2021 is as follows:

	Number of convertible bonds	**Weighted average exercise price in €**
Outstanding at 31 December 2020	**2,108,000**	**2.18**
Lapsed in 2021	(92,000)	1.82
Exercised in 2021	(107,000)	1.44
Term of convertible bonds expired	(508,100)	2.85
Outstanding at 31 December 2021	**1,400,900**	**2.02**
Lapsed in 2022	(13,600)	1.85
Exercised in 2022	-	-
Term of convertible bonds expired	(589,700)	**2.37**
Outstanding at 31 December 2022	**797,600**	**1.78**

For 589,700 convertible bonds, the eight-year term expired in the 2022 financial year. At the end of the term, q.beyond paid back the issue amount of € 0.01 per convertible bond, plus a yield of 3.5% p.a. for the whole of the term, to the creditors of the convertible bonds. This resulted in interest expenses of € 2k (2021: € 1k). The exercise prices of the 797,600 convertible bonds outstanding range from € 1.14 to € 2.15. The exercise price is set upon subscription and cannot be changed subsequently. Depending on the development in its share price, the company expects the outstanding convertible bonds to be converted at the latest by 2025.

As of the balance sheet date on 31 December 2022, the agreed four-year lockup period had expired for all of the outstanding convertible bonds; however, none of the stock options were directly exercisable as of the balance sheet date. Due to the underlying conditions not yet having been met in full, it was not yet possible to exercise the other 797,600 convertible bonds. The possible dates at which convertible bonds may be exercised ranges from directly exercisable through to 16 May 2025 at the latest.
In the 2022 financial year, income of € 63k was generated in connection with non-cash share-based remuneration in the active 2012 and 2015 stock option plans (2021: income of € 60k).

2020 share matching plan (SMP 2020)

In August 2020, the Management Board of q.beyond AG, acting with the approval of the Supervisory Board, provided select senior employees at q.beyond AG and the managing directors of companies affiliated with q.beyond with the opportunity to voluntarily participate in a 2020 share matching plan. The plan originally had a term until 31 December 2022. At the suggestion of the Management Board, in May 2022 the Supervisory Board decided that the term of the SMP 2020 would be extended to 31 December 2023 while all other conditions would remain unchanged.
Between 1 September and 9 October 2020, plan participants were able to acquire shares in q.beyond AG on their own behalf and their own account. Subsequent to 31 December 2023, q.beyond will grant matching shares at a predefined ratio to each plan participant if the company's share price reaches at least € 2.80, yet no higher than € 4.00 by the end of 2023. The number of matching shares granted to each participant is dependent on the number of shares acquired at the beginning of the plan, as well as on the participant remaining at the q.beyond Group during the term of the plan. q.beyond still plans to service the incentive scheme by way of a cash payment corresponding to the stock market value upon maturity of the matching shares to be granted, but is nevertheless also entitled to satisfy the respective claims by granting actual shares.
Plan participants acquired a total of 1,025,369 shares during the acquisition period, which ran from 1 September to 9 October 2020. Due to the departure of management staff in the 2022 financial year, the number of eligible shares has now decreased to 400,499.
The obligation resulting from the share matching plan was initially recognised at fair value as of the grant date. The fair value of the matching shares committed in the past financial year was determined using a calculation model based on a Monte Carlo simulation. q.beyond shares were included in this model with their expected weighted volatility as of the balance sheet date and at a price of € 0.772 per share. The expected volatility was based on the implicit volatilities of traded company options, which were then calibrated to the option date (term and target share price) of the share matching plan. The model used a risk-free interest rate of 2% and an expected dividend yield of 0%.
The share-based remuneration will be recognised in the income statement on a time-apportioned basis through to 31 December 2023. The obligation was reduced by € 197k in the 2022 financial year (2021: expenses of € 173k).
A liability of € 1k was recognised as of 31 December 2022 for obligations in connection with the 2020 share matching plan (status as of 31 December 2021: € 198k).

2021 employee share plan (ESP 2021)

In May 2021, the Management Board of q.beyond AG provided all employees of q.beyond AG and affiliated companies with the opportunity to voluntarily participate in a 2021 employee share plan. This participation programme ran until 31 December 2022.
Until 21 June 2021, all plan participants were able to acquire a maximum of 2,100 shares in q.beyond AG in their own name and on their own account. The conditions of the plan specified that, subsequent to the plan expiring on 31 December 2022, each plan participant would receive either one additional share free of charge for every three shares thereby acquired in q.beyond AG or, in lieu of bonus shares, a cash payment corresponding to the stock market price of the bonus shares on 31 December 2022. Further conditions required employees to hold the shares thereby acquired without interruption through to 31 December 2022 and to continue to be employed at a company within the q.beyond Group. In the 2022 financial year, the Management Board decided to select the cash payment option.
By 21 June 2021, the plan participants had acquired a total of 327,900 shares. Due to employees leaving the company, the number of eligible shares decreased to 281,160 as of 31 December 2022. Based on the Xetra closing price of q.beyond AG shares on 30 December 2022, which amounted to € 0.772, the plan resulted in a payment of € 72k being made to plan participants, plus the taxes and duties assumed by q.beyond. The payment was disbursed to plan participants in January 2023.
The expenses incurred for the ESP 2021 qualified as cash-settled share-based remuneration and the resultant obligation was measured at fair value throughout the term of the plan. Overall, expenses of € 2k (excluding taxes and duties) were recognised in the income statement in the 2022 financial year (2021: € 70k).

37 Related party transactions

The remuneration of managers holding key positions at the Group, which requires disclosure pursuant to IAS 24, comprises the remuneration of active Management Board members and of Supervisory Board members.

Management Board remuneration

The remuneration of the Management and Supervisory Boards amounted to € 724k in the 2022 financial year (2021: € 723k). As in the previous year, this remuneration exclusively involved short-term benefits. Management Board remuneration for the 2022 financial year totalled € 409k, compared with € 408k in the previous year. This comprises fixed remuneration of € 375k (2021: € 300k), fringe benefits of € 29k (2021: € 34k) and variable remuneration of € 5k from the short-term incentive (STI) (2021: € 74k from the short-term incentive).

Any claim to variable remuneration from the STI is fully vested by the activity of the Management Board in the year under report. In line with the Management Board remuneration system in place since the 2021 financial year, the actual payment is based on the target achievement determined by the Supervisory Board and disbursed after the Annual General Meeting in the subsequent financial year.
At the end of the 2022 financial year, the members of the company's Management Board held voting rights for a total of 1,300,000 shares (2021: 1,000,000 shares). This corresponds to a share of around 1.0% of voting rights (2021: 0.8%).
As in the previous year, no loans or advances were granted to the members of the Management Board in the 2022 financial year.

Supervisory Board remuneration

The remuneration paid to Supervisory Board members comprises annual basic remuneration and additional remuneration for committee activity. For the 2022 financial year, the Supervisory Board members received short-term remuneration totalling € 315k (unchanged on previous year). Supervisory Board remuneration is due for payment after the end of the financial year and is disbursed to members in the subsequent year. The company's Supervisory Board members hold a total of 31,611,294 shares, and thus unchanged on the previous year. This corresponds to a share of around 25.4% of voting rights.

	No. of shares	
	31 Dec. 2022	31 Dec. 2021
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	2,100	2,100
Martina Altheim	1,800	1,800
Total	**31,611,294**	**31,611,294**

As in the previous year, no loans or advances were granted to Supervisory Board members in the 2022 financial year.

Remuneration of former members of the Management Board and the Supervisory Board

Dr. Bernd Schlobohm, a former Management Board member, was granted a direct pension commitment for a retirement, occupational disability and widow's pension in 1997. At the balance sheet date on 31 December 2022, the obligation amounted to € 1,411k prior to the offsetting of reinsurance claims of € 2,611k. The actuarial present value of provisions for vested pension claims for one other former Management Board member amounts to € 59k.

Business relations with related companies

In 2022, q.beyond AG maintained business relations with QS Communications Verwaltungs Service GmbH, Cologne, This company counts as a related party pursuant to IAS 24 as members of the management and the Supervisory Board are shareholders. Persons and companies count as related parties if one of the parties has the possibility of controlling or exercising significant influence over the other party. All contracts with this company require approval by the Supervisory Board and are executed on terms customary to the market. QS Communication Verwaltungs Service GmbH provides q.beyond with advisory services in its IoT business field.

€ 000s	Net revenues	Expenses	Payments received	Payments made
2022 financial year				
QS Communication Verwaltungs Service GmbH	-	139	-	203
2021 financial year				
QS Communication Verwaltungs Service GmbH	-	185	-	220

€ 000s	Receivables	Payables
31 December 2022		
QS Communication Verwaltungs Service GmbH	19	-
31 December 2021		
QS Communication Verwaltungs Service GmbH	-	15

Transactions with associates

aiXbrain GmbH. By sale and transfer agreement dated 24 March 2022, all of the shares held by q.beyond in aiXbrain GmbH were sold to Solopex Deutschland GmbH at a sale price of € 134k, which was settled in cash. The disposal gain amounted to € 25k.
The subordinate loan granted by q.beyond to aiXbrain GmbH was repaid in full on 21 April 2022.

snabble GmbH. q.beyond has the option of acquiring a further 24.7% of the shares in this company in 2023. The purchase price is calculated by multiplying the company's relevant revenues by a factor of 4.2, but must amount to at least € 18 million.
Moreover, the option of acquiring further shares in the company in 2025 was also granted. This is structured such that, upon completion of this additional acquisition, q.beyond AG would hold 74.9% of the shares. q.beyond AG is obliged to exercise this option if specified key financial thresholds are reached and the first option has been exercised. The purchase price is based on achievement of the key financial thresholds.

cargonerds GmbH. Röhlig Logistics GmbH & Co. KG has granted q.beyond AG the option, valid for a limited period of three months starting on the date on which the audited annual financial statements of cargonerds GmbH as of 31 December 2024 are adopted, of acquiring a further 5,975 shares (23.9%) in that company. This acquisition is conditional on the contractually determined EBITDA for the 2024 financial year being exceeded. The purchase price for these shares, if acquired, amounts to € 1,700k. Furthermore, Röhlig Logistics GmbH & Co. KG has granted q.beyond AG the right to acquire 0.1% of the shares at their corresponding market value if the aforementioned 5,975 shares are previously acquired.
q.beyond AG has also granted Röhlig Logistics GmbH & Co. KG the right, valid for a limited period of three months starting on the date on which the audited annual financial statements of cargonerds GmbH as of 31 December 2024 are adopted, of acquiring all the shares held by q.beyond AG in that company at a purchase price of € 1,700k. However, this right may only be exercised if a specified key balance sheet figure in the annual financial statements of cargonerds GmbH as of 31 December 2024 exceeds a contractually agreed value.

38 Deferred and current taxes

q.beyond used an aggregate tax rate of 32.53% to calculate deferred taxes (2021: 32.61%). The deferred tax assets and liabilities recognised as of the balance sheet date relate to the following balance sheet line items and loss carryovers:

€ 000s	Assets	Liabilities	Assets	Liabilities	Consolidated income statement			
					through profit or loss	through OCI	through profit or loss	through OCI
	2022	**2022**	**2021**	**2021**	**2022**	**2022**	**2021**	**2021**
Deferred tax assets and liabilities								
Intangible assets	53	10	-	1,329	1,372	-	1,749	322
Property, plant and equipment	434	2,571	583	4,017	1,297	-	1,029	-
Other assets	624	-	540	-	84	-	(99)	-
Other receivables	-	258	-	369	111	-	529	-
Inventories	8	-	9	-	(1)	-	(6)	-
Pension provisions and other provisions	83	-	501	-	274	(692)	(10)	(348)
Other liabilities	2,458	17	4,144	-	(1,703)	-	(1,876)	-
Total deferred taxes on temporary differences	**3,660**	**2,856**	**5,777**	**5,715**	**1,434**		**1,316**	
Changes in write-downs of deferred taxes due to deconsolidation	**-**	**-**	**-**	**-**	**-**		**(1,229)**	
Write-downs of deferred tax assets due to differences	**(804)**	**-**	**-**	**-**	**(804)**			
Total deferred taxes on loss carryovers	**-**	**-**	**15**	**-**	**(15)**		**(1,214)**	
Total deferred taxes before netting	**2,856**	**2,856**	**5,792**	**5,715**				
Netting	2,856	2,856	5,715	5,715				
Total deferred taxes	**-**	**-**	**77**	**-**	**615**			

The temporary differences in connection with interests in subsidiaries for which no deferred tax liabilities are recognised amounted to € 323k in the 2022 financial year (2021: € 155k). Pursuant to IAS 12.39, however, this liability has not been recognised as q.beyond controls the dividend policies of its subsidiaries and can control reversal of the temporary differences.

The following table presents the reconciliation of the expected income tax expenses to the actual income tax expenses. The expected income tax expenses are calculated by multiplying earnings before taxes by q.beyond's tax rate:

€ 000s	2022	2021
Reconciliation		
Net income before income taxes	**(33,246)**	**14,638**
Tax rate	32.53%	32.61%
Expected tax expenses	(10,815)	4,774
Tax effects of		
Changes in write-downs of deferred taxes on loss carryovers		
and temporary differences	4,647	(2,462)
Non-deductible operating expenses	155	174
Goodwill impairment	5,092	-
Items governed by § 8b KStG	27	-
Taxable gains arising upon contribution of assets	-	4,273
Tax-exempt income	-	(2,226)
Non-period income/expenses	231	85
Changes in tax rates	(1)	-
Other items	506	175
Reconciled tax expenses	**(158)**	**4,793**

Reconciled tax income consists of an amount of € 457k recognised for current income tax expenses (2021: € 3,666k) and deferred tax income of € 615k (2021: tax expenses of € 1,127k). In the 2022 financial year, tax income of € 692k was recognised directly in other reserves in connection with actuarial losses (2021: € 348k).

As of 31 December 2022, corporate income tax loss carryovers at q.beyond AG came to € 403 million (2021: € 390 million) while trade tax loss carryovers totalled € 387 million (2021: € 375 million). No deferred taxes have been recognised for the corporate income and trade tax loss carryovers, as it is unlikely that these items can be offset against positive taxable income.

39 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.

40 Objectives and methods used in financial risk management and capital management

In connection with its business activities, q.beyond is exposed to a number of financial risks that are intrinsically linked with entrepreneurial activity. q.beyond combats these risks with a comprehensive risk management system, which is an integral component of its business processes and corporate decisions. The key elements of this system are a Group-wide planning and controlling process, Group-wide policies and reporting systems, as well as Group-wide risk reporting.
The Management Board lays down the principles of the company's financial policies annually and monitors these within the risk management system. Further information about risk management can be found in the Group Management Report.
Financial liabilities mainly comprise trade payables and lease liabilities. The main purpose of these financial liabilities is to finance the company's business activities. Financial assets directly resulting from business activities relate in particular to trade receivables and cash and cash equivalents. No derivatives were traded in the 2022 financial year.
The main risks to which q.beyond is exposed due to its use of financial instruments include credit risk and liquidity risks. Since no material transactions are executed in foreign currencies, there are no material foreign currency risks. There were no material risk clusters in the past financial year. The strategies and procedures used to manage these risks are presented below.

Credit risk. q.beyond is exposed to the risk of payment defaults on the part of its customers. The company makes efforts to ensure that it only enters into business dealings with creditworthy customers and thus attempts to exclude this risk from the outset. To this end, creditworthiness checks are performed before the respective contract is concluded. Once business relations have been initiated, receivables balances are monitored to reduce potential default risks.
Maximum default risks are limited to the carrying amounts of the receivables disclosed in Note 18. q.beyond expects non-impaired receivables to be collectible.

Liquidity risks. q.beyond monitors its risk of a liquidity shortfall with monthly liquidity planning. This accounts for the terms of available financial assets and the expected cash flows from operating activities. As of the respective balance sheet date, q.beyond's current and non-current financial liabilities had the following maturities. These disclosures are based on the expected undiscounted payments.

€ 000s	Carrying amount	Due by end of 2023	Due by end of 2024	Due by end of 2025	Due by end of 2026	Due by end of 2027	Due after 2027	Total
Lease liabilities	7,740	2,799	2,027	1,594	834	608	82	7,944
Trade payables	16,896	16,146	375	375	-	-	-	16,896
Contractual liabilities	178	178	-	-	-	-	-	178
Other current and non-current financial liabilities	852	852	-	-	-	-	-	852
Other financial liabilities	5,686	3	2,578	1,517	1,588	-	-	5,686
At 31 December 2022	**31,352**	**19,978**	**4,980**	**3,486**	**2,422**	**608**	**82**	**31,556**

€ 000s	Carrying amount	Due by end of 2022	Due by end of 2023	Due by end of 2024	Due by end of 2025	Due by end of 2026	Due after 2026	Total
Lease liabilities	13,673	9,665	2,066	1,118	755	129	-	113,733
Trade payables	12,242	11,117	375	375	375	-	-	12,242
Contractual liabilities	74	74	-	-	-	-	-	74
Other current and non-current financial liabilities	4,113	4,113	-	-	-	-	-	4,113
Other financial liabilities	2,376	6	1,131	502	3	734	-	2,376
At 31 December 2021	**32,478**	**24,975**	**3,571**	**1,995**	**1,133**	**863**	**-**	**32,538**

41 Financial instruments

Disclosures on the balance sheet. Given that the carrying amounts largely correspond to fair values, no separate disclosures have been made on the respective fair values.

€ 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				•

€ 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	•			
Receivables from finance leases	1,099	•			
Current trade receivables	35,424	•			
Liabilities not measured at fair value					
Trade payables and other liabilities	16,355	•			
Contract liabilities	74	•			
Lease liabilities	13,673	•			
Other financial liabilities	515	•			
Liabilities measured at fair value					
Other financial liabilities	1,861				•

Fair value disclosures for instruments with recurring measurement. At the end of each reporting period, q.beyond AG ascertains whether any reclassifications are required between the levels of the measurement hierarchy. No reclassifications were made in the reporting period from 1 January 2022 to 31 December 2022.

Disclosures on the consolidated income statement. The following interest income and expenses and the following net gains and losses on financial instruments are included in the consolidated income statement.

€ 000s	Interest income/interest expenses	Fair value change	Impairments	Payments received on retired receivables	Net result 2022	Net result 2021
Assets valued						
at amortised cost	91	-	246	14	**351**	311
Liabilities valued						
at amortised cost	(118)	-	-	-	**(118)**	(265)

€ 000s	Interest income/interest expenses	Fair value change	Impairments	Payments received on retired receivables	Net result 2021	Net result 2020
Assets valued						
at amortised cost	25	-	259	27	**311**	(72)
Liabilities valued						
at amortised cost	(265)	-	-	-	**(265)**	(401)

42 Declaration pursuant to § 161 AktG regarding compliance with the German Corporate Governance Code

The Management and Supervisory Boards of q.beyond AG submitted their most recent declaration pursuant to § 161 of the German Stock Corporation Act (AktG) on 7 December 2022 and made this available on the company's website at **www.qbeyond.de/en/investor-relations/corporate-governance**. The company will post any future amendments to provisions relevant for compliance with the German Corporate Governance Code on its website without delay.

43 Auditor's fees

The total fee for the 2022 financial year invoiced by the auditor duly elected and commissioned, Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, amounts to € 295k, of which € 291k for the audit of the financial statements and € 4k for other services (audit-related consulting).

44 Risks

Risks are presented in detail in the Risk Report within the Group Management Report.

45 Directors and officers

Management Board. The members of the Management Board in the 2022 financial year were as follows:

Management Board member	
Jürgen Hermann	Chief Executive Officer
Thies Rixen	Chief Operating Officer (from 1 October 2022)

Thies Rixen is also Chair of the Supervisory Board at cink AG, Hamburg.
Nora Wolters was appointed as Chief Financial Officer of q.beyond AG as of 1 January 2023.

Supervisory Board. The members of the Supervisory Board in the 2022 financial year were as follows.

Supervisory Board member	
Dr. Bernd Schlobohm	Businessman, Supervisory Board Chairman
Dr. Frank Zurlino	Managing Director at Horn & Company Performance & Restructuring GmbH, Düsseldorf, Germany, Deputy Supervisory Board Chairman
Ina Schlie	Businesswoman
Gerd Eickers	Independent Telecommunications Consultant
Matthias Galler	Senior IT Consultant, Chairman of the Works Council at q.beyond AG, Employee Representative
Martina Altheim	Head of Corporate Social Responsibility at q.beyond AG, Employee Representative

Dr. Frank Zurlino is also a member of the Advisory Board at M2Beauté Cosmetics GmbH, Cologne, Germany, the Advisory Board of hasenkamp Holding GmbH, Frechen, Germany, and since January 2023 also the Advisory Board of Heinrich Gräper Holding GmbH & Co. KG, Bösel.
Ina Schlie is a member of the Supervisory Boards at Heidelberger Druckmaschinen AG, Heidelberg, Germany, CMBlu Energy AG, Alzenau, Germany, and Deutschland – Land der Ideen e. V., Berlin, Germany. Furthermore, until the end of 2022 she was a member of the Advisory Board of Rudolf Haufe Verlag GmbH & Co. KG, Freiburg, Germany, and the Administrative Board of Haufe Group SE, Freiburg, Germany.
Gerd Eickers is Chair of the Supervisory Board at Contentteam AG, Cologne, Germany.

46 Events after balance sheet date

We have become aware of any events of material significance since the end of the financial year that would require report here.

Cologne, 23 March 2023

q.beyond AG
The Management Board

Jürgen Hermann | Thies Rixen | Nora Wolters

Statement of Responsibility

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group 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.

Cologne, 23 March 2023

q.beyond AG
The Management Board

Jürgen Hermann   Thies Rixen   Nora Wolters

Independent Auditor's Report

To q.beyond AG, Cologne

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of q.beyond AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of q.beyond AG for the financial year from 1 January to 31 December 2022. In accordance with German legal requirements we have not audited the content of those parts of the group management report listed in section "Other information".

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the parts of the group management report listed in section "Other information".

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our [audit] opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

Recoverability of goodwill attributable to the "Cloud & IoT" and "SAP" segments

Related information in the consolidated financial statements

For the accounting and valuation methods used, we refer to the information provided by the company in the notes to the consolidated financial statements under note number 4. The assumptions on which the valuation is based are presented in the notes to the consolidated financial statements under note number 15.

Facts and risk for the audit

In the consolidated balance sheet of q.beyond AG, goodwill of EUR 25.3 million was reported for the "Cloud & IoT" and "SAP" segments prior to the recognition of impairments in accordance with IAS 36. This corresponded to roughly 14% of total assets.

Goodwill is tested for impairment annually at the level of the “Cloud & IoT” as well as the “SAP” operating segments. The operating segments „Cloud & IoT“ and „SAP“ have not changed structurally compared to previous year. For the purposes of the impairment test, the book values of the assets which are allocated to each operating segment including goodwill is compared to its recoverable amount. In order to determine the recoverable amount, the company uses the value in use. The reference date for performing the impairment test was December 31, 2022.

In the 2022 financial year, the goodwill attributable to the “Cloud & IoT” segment initially decreased by €4.7 million due to the purchase price allocation carried out for q.beyond Cloud Solutions GmbH in accordance with IFRS 3. The remaining goodwill of €15.8 million was written off in full on the basis of the impairment test carried out on December 31, 2022, in accordance with IAS 36. The goodwill of €9.5 million attributable to the “SAP” segment was not impaired.

Goodwill impairment testing is complex and relies on a number of judgmental assumptions. These include, among other things, the allocation of the newly acquired goodwill to the business segments, the correct implementation of purchase price allocations with an impact on the goodwill determined provisionally, the expected development of business and earnings of each business segment for the next three or five years, the assumed long-term growth rates and the interest rate used for discounting purposes.

There is a risk for the consolidated financial statements that an impairment existing as of the balance sheet date is not recognised, that the impairments booked are too high or insufficient and that the related disclosures in the notes are not appropriate.

Audit approach and findings

With the involvement of our valuation specialists, we assessed the appropriateness of the key assumptions and the company‘s calculation method for both the purchase price allocation and the impairment tests. We discussed the expected development of business and the expected development of revenues, costs and capital expenditures as well as the assumed long-term growth rates with those responsible for operational planning.

Based on the valuation model used by q.beyond, we assessed the methodological approach and the mathematical accuracy of the impairment tests. In addition, we compared the numbers included in the impairment test with the budget drawn up by the Management Board and approved by the Supervisory Board.

In addition, we convinced ourselves of the company‘s previous forecast quality by comparing the previous year‘s planning with the results actually achieved and analyzing deviations. We compared the assumptions and the data on which the segment-specific discount rates are based, in particular the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

In order to take into account the existing forecast uncertainty, we examined possible changes in key assumptions relevant to the valuation of the value in use as part of sensitivity analyzes by calculating alternative scenarios and comparing them with the values determined by the company.

Finally, we assessed whether the disclosures in the notes on the recoverability of goodwill are appropriate. This also included the assessment of the appropriateness of the disclosures in accordance with IAS 36.134(f) on sensitivities in the event of a possible change in the key assumptions.

The purchase price allocation carried out for q.beyond Cloud Solutions GmbH in the 2022 financial year was correct.

The calculation method underlying the impairment test of goodwill is appropriate and consistent with the applicable valuation principles.

The company's assumptions and data on which the valuation is based are within acceptable ranges and are well-balanced. The impairment on the goodwill relating to the Cloud & IoT segment in the amount of €15.8 million was correctly determined.

The information provided in connection with goodwill is appropriate.

Revenue recognition

Related information in the consolidated financial statements

For the accounting and valuation methods used, we refer to the information provided by the company in the notes to the consolidated financial statements under note number 4.

Facts and risk for the audit

Group sales amounted to €173.0 million in the 2022 financial year.

q.beyond AG and its subsidiaries recognise revenue when they fulfill a performance obligation by transferring a promised service or good to a customer. An asset is deemed to have been transferred when the customer obtains control of the asset. In accordance with the transfer of control, revenues are to be recognised according to IFRS 15 either at a point in time or over a period of time with the amount to which q.beyond AG is expected to be entitled.

In principle, the companies of q.beyond group fulfill the performance obligation and recognise the revenue over a certain period of time if the criterion is met that the customer benefits from the group's service and at the same time uses the service while it is being provided.

Various contractual agreements are made with customers, some of which contain complex regulations. Due to these complex regulations and the corresponding judgment when assessing the point in time at which control is transferred to the customer, there is a risk for the financial statements that revenues will not be accounted for in the correct amount as of the balance sheet date.

Audit approach and findings

On the basis of our understanding of the sales process, we have assessed the design, implementation and reliability of identified internal controls, in particular with regard to the correct allocation of revenues to the appropriate accounting period.

In addition, as part of our audit, we assessed the legal representatives' interpretation of the criteria for revenue recognition over time, taking into account the requirements of IFRS 15 and the corresponding group accounting guideline.

Based on the requirements of IFRS 15 and the group accounting guideline, we examined risk-oriented selected contracts to determine whether revenue recognition was carried out in accordance with the aforementioned regulations.

In addition, we obtained confirmations for trade accounts receivable that had not yet been settled as of the balance sheet date, which were selected on the basis of a risk-oriented approach. For those trade accounts receivable we did not get any feedback by the customer, we carried out alternative audit procedures by reconciling the sales revenues with the underlying invoices, acceptance protocols or the payments received.

q.beyond AG's approach regarding revenue recognition is in line with IFRS 15.

Other Information

The legal representatives as well as the supervisory board are responsible for the other information. The other information includes the following non-audited parts of the group management report:

- the declaration on corporate governance in accordance with § 289f and § 315d HGB, to which reference is made in the group management report,
- the remuneration report pursuant to Section 162 AktG, which is referred to in the group management report, as well as
- the separate non-financial report in accordance with Section 289b (3) and Section 315b (3) HGB, which is expected to be made available to us after the date of this auditor's report, to which reference is made in the group management report.

The other information also includes the non-audited information on pages 27 and 28 of the management report relating to the key characteristics of the internal control and risk management system and the compliance management system; these are disclosures that are not required by Sections 315 et seq. HGB.

The other information also includes:

- the assertions according to § 297 paragraph 2 sentence 4 and § 315 paragraph 1 sentence 5 HGB for the consolidated financial statements and group management report
- the report of the supervisory board as well as
- the remaining parts of the annual report – without further cross-references to external information – with the exception of the audited consolidated financial statements and group management report and our auditor's report.

The legal representatives and the Supervisory Board are jointly responsible for the remuneration report. The supervisory board is responsible for the report of the supervisory board. Further, the legal representatives are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, we have a responsibility to read the other information and, in doing so, to evaluate whether the other information

- show material discrepancies to the consolidated financial statements, the group management report or our knowledge obtained in the audit, or
- otherwise appear materially misrepresented.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) [and supplementary compliance with the ISAs] will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an [audit] opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective [audit] opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express [audit] opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our [audit] opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate [audit] opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Statutory and Other Legal Requirements

Opinion on the audit of the electronic reproductions of the consolidated financial statements and the group management report prepared for disclosure purposes in accordance with Section 317 Para. 3a HGB

Audit opinion

In accordance with Section 317 (3a) HGB, we have carried out an audit with reasonable assurance as to whether the reproductions of the consolidated financial statements and the group management report contained in file 529900DGVITE7A2L5G12-2022-12-31-de (MD5 hash value: 44b16ac9118e4c9ed2743f-c0bb5cbbe5) and prepared for disclosure purposes (hereinafter also referred to as „ESEF documents") comply with the requirements of § 328 Para. 1 HGB for the electronic report format („ESEF format") in all essential respects.

In accordance with German legal requirements, this audit only covers the conversion of the information in the consolidated financial statements and the group management report into the ESEF format and therefore neither the information contained in these reproductions nor any other information contained in the above-mentioned file.

In our opinion, the reproductions of the consolidated financial statements and the group management report contained in the above-mentioned file and prepared for disclosure purposes comply in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2022, contained in the above "Report on the audit of the consolidated financial statements and of the group management report", we do not issue any audit opinion on the information contained in those reproductions, as well as the other information contained in the file referred to above.

Basis for the audit opinion

We have audited the reproductions of the consolidated financial statements and the group management report contained in the above-mentioned file in accordance with Section 317 Para. 3a HGB in compliance with the IDW auditing standard: Audit of the electronic reproductions of financial statements and management reports prepared for disclosure purposes in accordance with Section 317 Para. 3a HGB (IDW PS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibilities thereafter are further described in the section "Responsibility of the group auditor for the audit of the ESEF documents". Our auditing practice has applied the requirements for the quality assurance system of the IDW quality assurance standard: Requirements for quality assurance in auditing practice (IDW QS 1).

Responsibility of the legal representatives and the board of directors for the ESEF documents

The legal representatives of the company are responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the group management report in accordance with Section 328 Paragraph 1 Sentence 4 No. 1 HGB and for the presentation of the consolidated financial statements in accordance with Section 328 Paragraph 1 sentence 4 no. 2 HGB.

Furthermore, the legal representatives of the company are responsible for the internal controls that they consider necessary to enable the creation of the ESEF documents that are free of material – intentional or unintentional – violations of the requirements of § 328 para 1 HGB to the electronic reporting format.

The legal representatives are responsible for overseeing the preparation of the ESEF records as part of the accounting process.

Responsibility of the group auditor for the audit of the ESEF documents

Our objective is to obtain sufficient certainty as to whether the ESEF documents are free from material – intentional or unintentional – violations of the requirements of Section 328 (1) HGB. During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore

- we identify and assess the risks of significant – intentional or unintentional – violations of the requirements of Section 328 (1) HGB, plan and carry out audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to to serve as the basis for our audit opinion.
- We gain an understanding of the internal controls relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.
- We assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable on the reporting date for the technical specification for this file.
- We assess whether the ESEF documents enable an XHTML reproduction of the audited consolidated financial statements and the audited group management report with the same content.
- We assess whether the marking of the ESEF documents with inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 in the version applicable on the reporting date enables an appropriate and complete machine-readable XBRL Copy of the XHTML-reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 18 May 2022. We were engaged by the supervisory board on 13 October 2022. We have been the group auditor of q.beyond AG without interruption since the financial year 2021.

We declare that the audit opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matters – Use of the Audit Opinion

Our auditor’s report should always be read in connection with the audited consolidated financial statements and the audited group management report as well as the audited ESEF documents. The consolidated financial statements and group management report transferred to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited consolidated financial statements and the audited group management report and do not replace them. In particular, the ESEF note and our audit opinion contained therein can only be used in connection with the audited ESEF documents provided in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Martin Schulz-Danso.

Cologne, 24 March 2023

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Marcus Borchert
Wirtschaftsprüfer
[German Public Auditor]

Martin Schulz-Danso
Wirtschaftsprüfer
[German Public Auditor]

Calendar

Quarterly Figures
8 May 2023
14 August 2023
13 November 2023

Annual General Meeting
24 May 2023

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