q.beyond
expect the next

Annual Report 2023

Launch of "2025 Strategy": Finances already strengthening. Earnings set to follow.

Key Data

€ million	2023	2022
Revenues	189.3	173.0
Cloud	151.2	139.2
SAP	38.1	33.8
EBITDA	5.7	5.4
Depreciation and amortisation[1, 2]	16.6	37.7
EBIT	(10.9)	(32.3)
Consolidated net income	(16.4)	(33.1)
Earnings per share[3] (in €)	(0.14)	(0.27)
Capital expenditure[4]	2.3	3.0
Free cash flow	1.7	(9.7)
Net liquidity[5]	37.6	35.9
Shareholders' equity[5]	99.4	115.7
Equity ratio[5] (in %)	64.4	71.8
Xetra closing price[5] (in €)	0.60	0.77
Number of shares[5]	124,579,487	124,579,487
Market capitalisation[5]	74.7	95.9
Number of employees[5]	1,111	1,112

[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.

2023 forecast: Met in two aspects. Exceeded in the third.

Revenues (€ million)

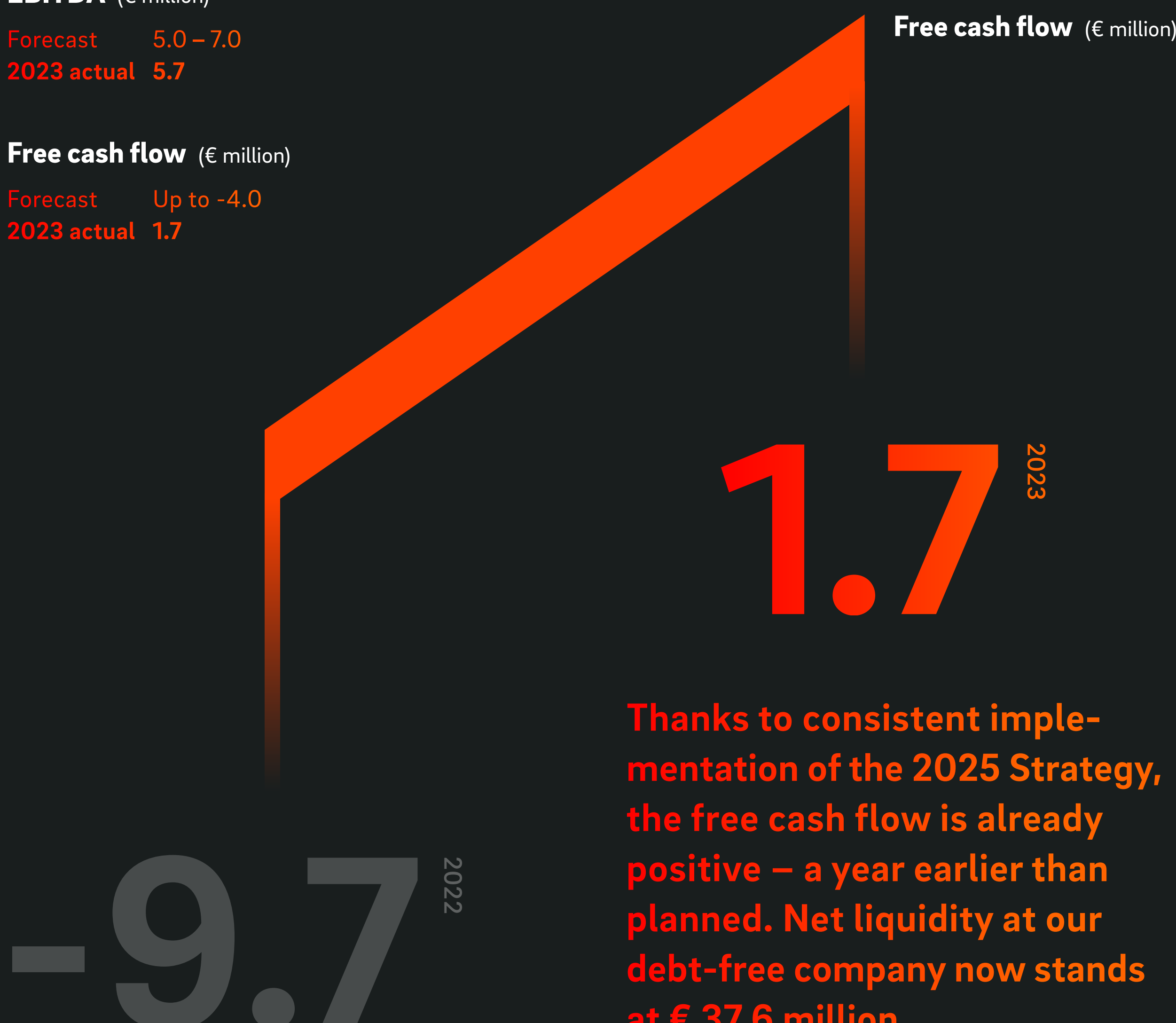
Forecast	185.0 – 191.0
2023 actual	**189.3**

EBITDA (€ million)

Forecast	5.0 – 7.0
2023 actual	**5.7**

Free cash flow (€ million)

Forecast	Up to -4.0
2023 actual	**1.7**



Thanks to consistent implementation of the 2025 Strategy, the free cash flow is already positive – a year earlier than planned. Net liquidity at our debt-free company now stands at € 37.6 million.

Thies Rixen
CEO q.beyond AG

Nora Wolters
CFO q.beyond AG

The “2025 Strategy” is working – underpinning q.beyond’s tradition of growth with corresponding earnings and financial strength. The financial strength is already rising. Earnings are set to follow.

Dear Shareholders,

q.beyond generated positive free cash flow on a full-year basis in 2023, one year earlier than expected. In just twelve months, we managed to improve this crucial key figure by € 11.4 million to € 1.7 million. This means that our company, which is also free of debt, had net liquidity of € 37.6 million at the end of 2023. That corresponds to 30 cents per share. This is one visible result of the "2025 Strategy" presented a year ago. With this, we have pursued one clear goal from the very outset: We are underpinning q.beyond's tradition of strong growth with corresponding earnings and financial strength.

Sustainably positive consolidated net income from 2025

Regarding our financial strength, we managed to achieve this ahead of schedule. Our earnings are set to follow suit from 2024 onwards. This year, we plan to increase our EBITDA by at least 40% to between € 8 million and € 10 million. This corresponds to an EBITDA margin of 4% to 5%. For 2025, we then expect to achieve an EBITDA margin of 7% to 8% and, moreover, to post sustainably positive consolidated net income.

The 2025 Strategy is working! From day one, it has concentrated on three strategic priorities: focusing the business model on profitable growth markets, increasing the effectiveness of the company's go-to-market approach and, in the "One q.beyond" project, boosting efficiency by standardising and simplifying all structures and processes.

The organisational restructuring that this requires is now well advanced. Today, q.beyond has a business model that focuses on five attractive sectors and six forward-looking core business fields. Our company is now marketing these services with an effective two-lane sales operation. Alongside direct sales, during 2023 we developed and expanded our indirect sales activities. Based on a modular principle and largely automated processes, these enable customers to assemble the right IT portfolio for their needs. In marketing this, we are working closely together with large providers such as Telekom Deutschland and Vodafone.

Within the company, we left hardly any stone unturned in the past year. The measures implemented in One q.beyond included merging two subsidiaries into q.beyond AG, standardising the company's brand presence, raising the share of nearshoring and offshoring activities, as well as integrating and, where possible, automating processes across all companies and locations. This far-reaching restructuring presented q.beyond's employees with numerous challenges. We would like to take this opportunity to thank them very warmly for their dedication and their willingness to embrace change. We also owe our thanks to you, our shareholders. We know that we tested your patience once again in the past year. 2023 was a good year for our company, but not yet a good year for our shareholders.

We are confident that our share price will begin to recover during this year. Because our profitability is set to rise from 2024 onwards.

Fresh perspectives for q.beyond's shares

We are confident that our share price will begin to recover during this year, irrespective of the further development in small cap stocks, which missed out on the record rally on stock markets in 2023. Our optimism is founded on numerous talks held with investors in recent months. They have repeatedly stressed that our share will be worth buying once profitability starts to rise. And our profitability is set to rise from 2024 onwards!

We laid the foundation for this in the past year. In 2024, the three levers of our 2025 Strategy will take effect: the realignment of the business model, the development and expansion of nearshoring and offshoring locations, and the automation of processes, not least by increasingly deploying generative artificial intelligence (AI).

Our well-focused business model enables us to come into contact with customers at an earlier stage and to market all aspects of our expertise. The key focus for new business is now on acquiring consulting and development orders. These create opportunities for operations in the second stage. Based on our calculations, merely raising the share of total revenues from consulting and development may increase the gross margin by more than 1% to 2%.

Expansion in nearshoring and offshoring

We will gain at least one further percentage point by increasing the share of nearshoring and offshoring activities by 5 percentage points. Starting at 11% last year, we will pass the 15% mark this year already. In 2025, at least 20% of our staff will be employed at the established sites in Latvia and Spain and our new location in India. Recruiting additional IT experts abroad serves not only to enhance our efficiency; it also makes a key contribution to tackling the shortage of specialists in Germany. When we advertise positions at any of our three international locations, we often receive dozens of applications. Here in Germany, by contrast, we have to commission HR consultants, as hardly any specialists are available in the market.

Our efforts to automate processes should also be viewed against this backdrop. And we still see considerable potential in this respect. That is particularly true of the rapidly expanding opportunities to deploy generative AI. During 2023, our AI experts "trained" standard market systems with a wealth of internal data and optimised them for the specific needs of our work. We are now using the first AI tools in customer service and software development. Further areas are set to follow. At the same time, we are supporting our customers with this expertise. There is enormous interest in receiving advice and support for developing and operating AI tools.

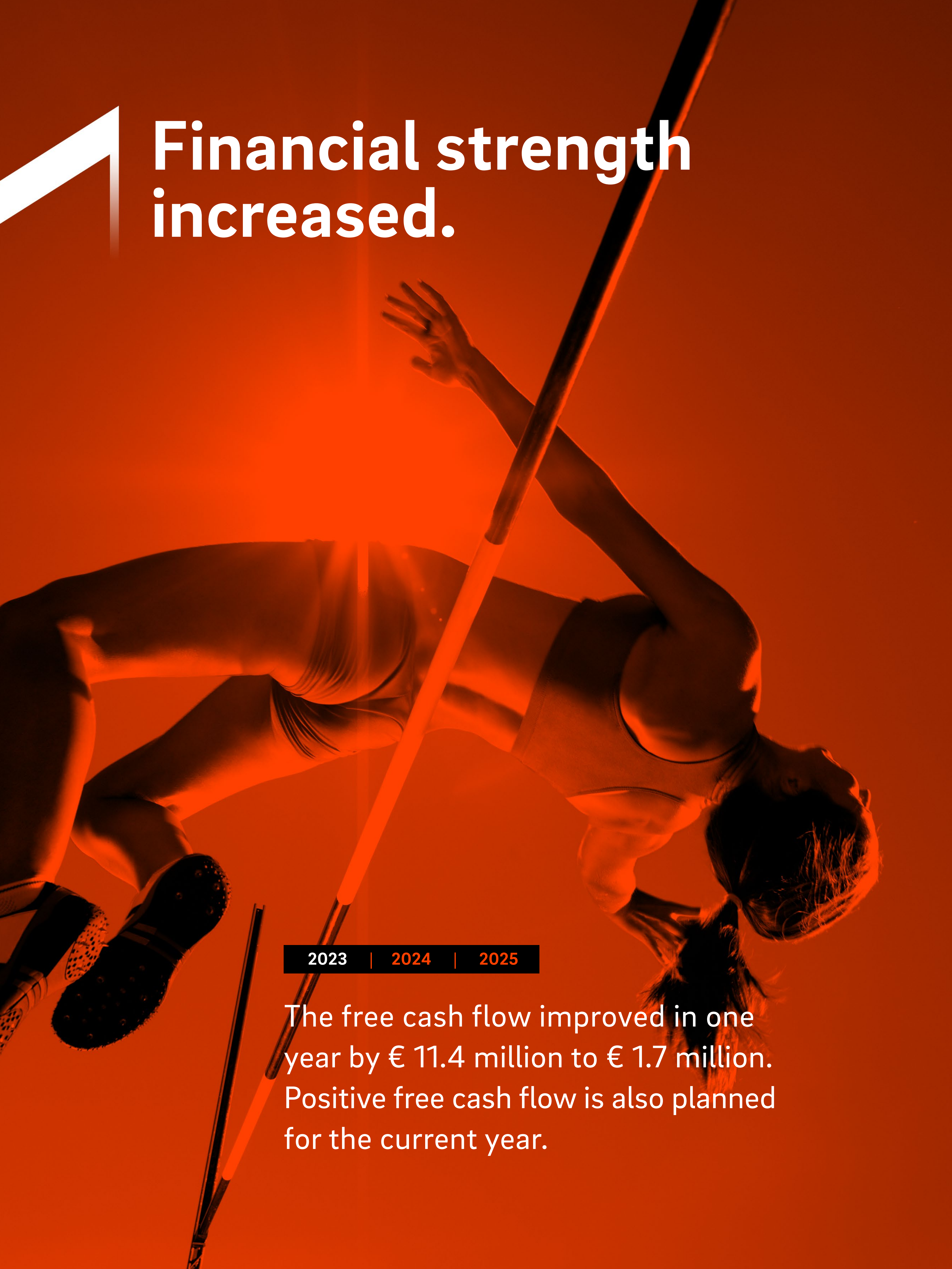
Profitability has priority over growth

When it comes to enquiries of this nature, we hold strictly to our principle that profitability has priority over growth. Put simply: every order and every customer has to be financially viable. Strong growth is only an advantage if accompanied by earnings and financial strength to match. In the interests of our company and of you, its shareholders, we will not waive this principle. The more profitably q.beyond can operate, the greater the opportunities are for our share. The 2025 Strategy will only have shown its full impact once the capital market value of our company also rises!

Cologne, 21 March 2024

Thies Rixen
Board member

Nora Wolters
Board member



Financial strength increased.

2023 | 2024 | 2025

The free cash flow improved in one year by € 11.4 million to € 1.7 million. Positive free cash flow is also planned for the current year.

Contents

The Management Board

Thies Rixen
Chief Executive Officer

A graduate in business administration, Thies Rixen (born 1972) has been CEO of our company since April 2023. In the past financial year, he focused on consistently implementing the new "2025 Strategy" that he had initiated. In just one year, it was possible to focus the business model more clearly, sustainably increase the effectiveness of the company's go-to-market approach and, in the "One q.beyond" project, standardise and simplify corporate structures and numerous processes. Thies Rixen joined q.beyond in 2019 and, in the following years, turned the cloud business into the company's key growth driver. Appointed to the Management Board as COO in October 2022, he was responsible for sales and the smooth running of IT operations. He gained extensive management and IT expertise in senior positions at DXC and Deutsche Telekom, as well as in his role as CIO and Managing Director of the Ingenico Group.

Nora Wolters
Chief Financial Officer

A qualified banker and Master of Business Administration graduate, Nora Wolters (born 1974) has been responsible for Finance, People & Culture, Procurement, Legal and Investor Relations since January 2023. Together with Thies Rixen, she developed the 2025 Strategy and thus laid solid foundations to sustainably boost q.beyond's financial and earnings strength. As a results-driven and decisive financial expert, she enabled q.beyond to generate a positive, full-year free cash flow for 2023, one year earlier than expected. In her work, Nora Wolters can draw on extensive experience in topics such as digitalisation, process optimisation, and change management, which she gained in various c-level management positions. She was previously Commercial Director of Verkehrsbetriebe Hamburg-Holstein until the end of 2022.

The Supervisory Board

The Annual General Meeting on 24 May 2023 elected four shareholder representatives for a five-year term in office. q.beyond's employees had previously selected their two Supervisory Board representatives. After the sudden death of Deputy Chair of the Supervisory Board, Dr. Frank Zurlino, in December 2023, the individual appointed by court to succeed him, Thorsten Dirks, will stand for election at the Annual General Meeting on 29 May 2024.

Dr. Bernd Schlobohm

Chair

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 2023, these two shareholders held a combined stake of 25% in q.beyond.

Thorsten Dirks

A former Bitkom President, Thorsten Dirks was appointed to q.beyond's Supervisory Board in late January 2024. Following an international career in the TC sector, he was appointed as CEO of Telefónica Deutschland in 2014. He moved to the Management Board of Deutsche Lufthansa in 2017. In 2021 and 2022, he was CEO of Deutsche Glasfaser.

Martina Altheim

A qualified biologist, Martina Altheim is based at the Cologne location and has been responsible for CSR at q.beyond since January 2020. She was previously Head of Central Process and Quality Management. Martina Altheim has been a member of the Supervisory Board since July 2019 and was confirmed in this position by the workforce in spring 2023.

Ina Schlie

Deputy Chair

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. This financial expert also sits on other supervisory boards and is a lecturer at LMU Munich.

Gerd Eickers

q.beyond's second founder, Gerd Eickers, returned 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 TC market, particularly in his capacity as President of the Association of Telecommunications and Value-Added Service Providers (VATM).

Matthias Galler

q.beyond's workforce elected the Hamburg-based Works Council Chair to the Supervisory Board for the first time in June 2018 and confirmed him in this position in spring 2023. A computer scientist and now Senior IT Consultant, Matthias Galler has worked for q.beyond since as early as 2002.

Report of the Supervisory Board

Dr. Bernd Schlobohm
Supervisory Board Chair

Dear Shareholders,

As a company, q.beyond witnessed a far-reaching restructuring process in 2023. The new Management Board optimised and focused the business model more closely, increased the effectiveness of sales activities, and streamlined the organisation in order to create a solid foundation for boosting the company's earnings and financial strength in the financial years ahead. The Supervisory Board would like to thank the Management Board for its performance in its first year in office. Equally, we owe our thanks to the whole q.beyond team for its dedication and its willingness to actively help shape this transformation. It will nevertheless take time before this process is also reflected in rising share prices. We would therefore like to thank all our shareholders, not only for their continued trust, but also for the patience they have shown during this period of restructuring.

In December 2023, the work of the Supervisory Board was overshadowed by the sudden and unexpected death of Dr.-Ing. Frank Zurlino, its longstanding Deputy Chair. He was a committed and creative visionary who accompanied the fortunes of our company for a whole decade. His strategic foresight and profound expertise in management and the SME sector sustainably shaped and advanced our company. We will very much miss him.

In what follows, we inform you about the activities of the Supervisory Board in the 2023 financial year.

Activities of the Supervisory Board

In the 2023 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. 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 2023 financial year were:

1. Implementation of the "2025 Strategy"
In the first weeks of the past financial year, the new Executive Board compiled the 2025 Strategy. This sets clear targets and defines clear strategic priorities as the company works to meet these. The Supervisory Board was involved at an early stage in developing this strategy, approved it and accompanied its implementation as the year progressed. The associated discussions formed a key focus of our work in the past year.

2. Realignment of sales activities
One major component of the 2025 Strategy involves increasing the effectiveness of the sales model. The Supervisory Board dealt closely with the development and expansion of a second sales channel, indirect sales, and informed itself about the initial success in the company's business with partners.

3. Progress with "One q.beyond"
With the One q.beyond project, the Management Board intends to standardise and simplify the company's processes and structures, and thus sustainably increase its efficiency. The Supervisory Board was kept regularly informed about the measures taken. Among others, these included the decision taken by the Management Board to merge two previously independent subsidiaries into q.beyond and significantly raise the share of nearshoring and offshoring activities.

4. Elections to Supervisory Board
Following advance discussion in its Nomination Committee, the Supervisory Board dealt closely with its proposals for the shareholder representative

members due to be newly elected to the Supervisory Board at the Annual General Meeting on 24 May 2023. At the recommendation of the Nomination Committee, the Supervisory Board proposed to the Annual General Meeting that all its shareholder representative members should be re-elected. In its election proposals to the Annual General Meeting, the Supervisory Board accounted for the targets it had set for its composition, including the competence profile for the board as a whole. The candidates proposed include three shareholder representatives, namely Ina Schlie, Dr. Bernd Schlobohm and Dr.-Ing. Frank Zurlino, who are independent from the company and its Management Board pursuant to the German Corporate Governance Code, and two, namely Ina Schlie and Dr.-Ing. Frank Zurlino, who are independent from the controlling shareholder pursuant to the German Corporate Governance Code. All candidates were elected by the Annual General Meeting with large majorities.

Composition of the Management Board

In close cooperation with the Supervisory Board, preparations for the amicable departure of Jürgen Hermann, the long-standing CEO, had been underway since 2022 and were implemented upon the expiry of his term in office as of 31 March 2023. The Supervisory Board appointed Thies Rixen, previously COO, as the new CEO as of 1 April 2023 and thus ensured a smooth transition. In December 2022, the Supervisory Board had already appointed Nora Wolters as the new CFO as of 1 January 2023.

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 term in office both of the Supervisory Board's shareholder representatives (Dr. Bernd Schlobohm, Gerd Eickers, Ina Schlie and Dr.-Ing. Frank Zurlino) and of its employee representatives (Martina Altheim and Matthias Galler) expired upon the conclusion of the Annual General Meeting on 24 May 2023. This Annual General Meeting re-elected all the shareholder representatives to the Supervisory Board for a term running until the conclusion of the Annual General Meeting approving the actions of the Supervisory Board for the 2027 financial year. The employees of q.beyond AG and its group companies re-elected Martina Altheim and Matthias Galler to the Supervisory Board as employee representatives for the same term. At its inaugural meeting on 24 May 2023, the Supervisory Board once again elected Dr. Bernd Schlobohm as Supervisory Board Chair and Dr.-Ing. Frank Zurlino as Deputy Chair of the Supervisory Board and re-determined the composition of the committees formed by the Supervisory Board. Due to the sudden death of Dr.-Ing. Frank Zurlino in December 2023, at an unscheduled meeting on 19 December 2023 the Supervisory Board elected Ina Schlie as its Deputy Chair and reassigned the committee positions previously held by the deceased.

Responding to a submission by the Management Board, on 25 January 2024 Cologne District Court appointed Thorsten Dirks as a Supervisory Board member of q.beyond AG. The Supervisory Board is looking forward to working with Thorsten Dirks, who will stand for election at the next Annual General Meeting on 29 May 2024.

Supervisory Board meetings and committees

As well as four scheduled meetings, the Supervisory Board held three unscheduled meetings in the 2023 financial year. Of these seven meetings, two were held in person, and two purely as video conferences. The other three meetings were held with some Supervisory Board members attending in person and the others linked by video. 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 its work, the Supervisory Board has formed four committees: 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 2023.

The **Human Resources Committee** met on one occasion in the year under report, with this meeting being held as a video conference. As well as preparing the Supervisory Board's decisions concerning the target achievement of the Management Board member Thies Rixen and the then Management Board member Jürgen Hermann in the 2022 financial year and preparing the target agreements to be concluded with Management Board members for the 2023 financial year, the Human Resources Committee dealt in particular with revising the Management Board remuneration system. The committee still comprises the following members: Dr. Bernd Schlobohm (Chair), Martina Altheim, and Gerd Eickers.

The members of the **Audit Committee** comprise without amendment Ina Schlie as Chair and Dr. Bernd Schlobohm. Until his death, Dr.-Ing. Frank Zurlino was also a member of the committee. In December 2023, the Supervisory Board initially elected Gerd Eickers to succeed him as a member of the audit committee. At the Supervisory Board meeting in March 2024, Gerd Eickers stood down from his position on the committee and the Supervisory Board elected Thorsten Dirks as a new member. Ina Schlie has specific expertise both in auditing and in accounting. Dr. Bernd Schlobohm and Thorsten Dirks also have specific expertise in auditing. Ina Schlie and Thorsten Dirks have specific expertise in sustainability. 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. In addition, 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 auditor, 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 one held purely as a video conference. At three meetings, some of the committee members were physically present and others linked by video. The committee reviewed the documents relating to the annual and consolidated financial statements, including the dependent company report, for the 2022 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 2023 and the interim statements as of 31 March and 30 September 2023 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 2023 financial year and determined the audit fee. To prepare the audit of the financial statements, in November 2023 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 2023 financial year included the recoverability of goodwill, the planned change in segment reporting, the definitive purchase price allocation (PPA) for productive-data GmbH (now operating as q.beyond Data Solutions GmbH), which was acquired in the previous year, the recoverability of investments in associates and shareholdings, the presentation of the mergers of q.beyond Cloud Solutions GmbH (previously scanplus GmbH) and q.beyond Consulting Solutions GmbH (previously datac Kommunikationssysteme GmbH) into q.beyond AG, and revenue recognition pursuant to IFRS 15 and the German Commercial Code (HGB).

The Audit Committee regularly took receipt of reports from the Heads of “Internal Audit and Compliance” and “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 nominations at any forthcoming election of shareholder representatives to the Supervisory Board at the Annual General Meeting. Gerd Eickers is without change a member of the Nomination Committee and its Chair. Until his death, Dr.-Ing. Frank Zurlino was a further member of this committee. In December 2023, the Supervisory Board initially elected Dr. Bernd Schlobohm as his successor. At the Supervisory Board meeting in March 2024, Dr. Bernd Schlobohm stood down from the committee, and the Supervisory Board elected Thorsten Dirks as a new member. The Nomination Committee held one meeting in the 2023 financial year to discuss the selection of a candidate for the court appointment of a successor to Dr.-Ing. Frank Zurlino in the Supervisory Board.

Dr. Bernd Schlobohm continues to be a member of the **Strategy Committee** and is its Chair. In December 2023, the Supervisory Board elected Ina Schlie to succeed Dr.-Ing. Frank Zurlino. At its meeting in March 2024, the Supervisory Board also elected Thorsten Dirks as a further committee member. The Strategy Committee has a purely advisory function and addresses the strategic, and thus long-term development of q.beyond AG. The committee held three meetings in 2023, with one being held in person and the other two as video conferences. The committee dealt in particular with the opportunities offered by deploying artificial intelligence (AI) and the progress made in implementing the 2025 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 16 November 2023, 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 28 April 2022. 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 hardware to Teleport Köln GmbH, a company related to these two individuals. 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 enquires as to which training measures the Supervisory Board members require and keeps them regularly informed of the latest legislative amendments and of relevant developments, particularly in corporate governance and sustainability. 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 ("onboarding").

Audit of financial statements

Consistent with the recommendation made by the Audit Committee, the Supervisory Board proposed to the Annual General Meeting on 24 May 2023 that Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, should again be elected as auditor and group auditor for the 2023 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, 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 2023, 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 2023, 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 2023 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 2023 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 21 March 2024, 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 14 March 2024. The auditor reported to the meeting on 21 March 2024 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 early risk detection 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 2023 financial year. The non-financial (group) report will be published on the company's website at the latest by the end of April 2024.

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, 21 March 2024
On behalf of the Supervisory Board of q.beyond AG

Dr. Bernd Schlobohm
Supervisory Board Chair

q.beyond Shares

2023 on the stock markets: Blue chips recover, small caps left behind

German stock exchanges made up in the past financial year for the double-digit percentage losses they had reported in most cases in 2022. The DAX increased by 20% during 2023, while the TecDAX rose by 14%. Like in other major capital markets, in Germany it was mainly blue chip and large technology stocks which gained ground. By contrast, due to ongoing geopolitical and macroeconomic uncertainties and the associated risk aversion on the part of many institutional investors smaller cap stocks suffered further substantial setbacks in some cases. Moreover, second-tier stocks suffered from lower levels of interest shown by investors who, as the turnaround in interest rate policies advanced, shifted part of their capital from shares to bonds and, for their remaining equity investments, tended to focus on larger stocks. The result: Share prices of companies listed in the broad-based CDAX index with market capitalisations lower than € 100 million fell by an average of 14% last year. The Scale 30 Index even lost 17% of its value. Comprising the 30 most liquid listed small and medium-sized companies in the “Scale” segment of the German Stock Exchange, this index is therefore well suited as an indicator for the performance of smaller listed companies.

q.beyond’s shares were unable to avoid the widespread scepticism shown towards second-tier stocks. The shares lost 22% of their value over the year and closed at € 0.60. At the start of the year, they briefly managed to escape overall market developments, moving ahead at the end of January and in early February to reach their annual high at € 1.16. They soon forfeited this head start, however, and settled down at around € 0.70 in the second and third quarters of 2023, and then around € 0.60 in the fourth quarter. The share price reached its annual low at € 0.52 at the end of October 2023. That is without doubt a disappointing performance given the operating progress already achieved by q.beyond in implementing its “2025 Strategy”. And yet institutional investors in particular are marking time until this progress is also reflected in rising profitability. And that is only scheduled to take place in the current year.

Analysts recommend buying q.beyond shares

In this challenging situation, q.beyond continued to receive support from the four analysts regularly covering our company. At the beginning of 2024, three of these recommended buying our share. Their share price targets ranged between € 1.00

Institute	Analyst	Target price	Recommendation
Warburg Research	Felix Ellmann	€ 1.30	Buy
Stifel Europe Bank	Yannik Siering	€ 1.20	Buy
NuWays	Philipp Sennewald	€ 1.00	Buy
Montega	Christoph Hoffmann	€ 0.70	Hold

and € 1.30, implying that our share price has the potential to double in value. The fourth analyst, from the small and midcap specialist Montega, most recently recommended holding q.beyond shares and stated a price target of € 0.70. He too nevertheless refers to “significant price potential” upon initial indications of margins improving faster than expected. As profitability rises, our shares thus have every chance of moving away from the lows seen at the end of 2023.

Stable shareholder structure

Convincing institutional investors to commit to our shares will be crucial. As of 31 December 2023, their share of free float stood at 32%, as against 33% one year earlier. Paladin Asset Management continues to hold more than 5% of q.beyond’s shares. At the end of 2023, 67% of free float was held by retail investors. Overall, free float accounted for 74.7% of q.beyond’s shares and was distributed among 21,417 shareholders as of 31 December 2023. The company’s two founders, Gerd Eickers and Dr. Bernd Schlobohm, held 25.3% of the shares. Now members of the Supervisory Board, these two individuals have not sold any shares since the company’s IPO in spring 2000 but have rather increased their shareholdings further in the intervening years.

As profitability rises, our shares have every chance of moving away from the lows at the end of 2023.

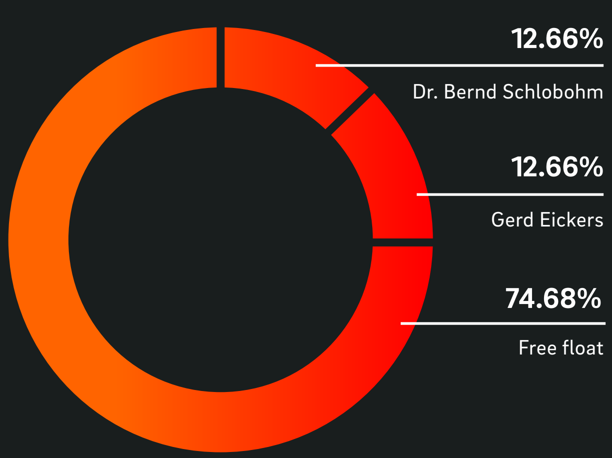
Continuous dialogue with investors

The Management Board and the Investor Relations (IR) department upheld their ongoing dialogue with investors in the past year. In this, they focused in particular on presenting the key pillars of the 2025 Strategy and the progress made with its implementation. This met with interest across the board. The company was present at the following conferences: the Stifel German Corporate Conference, the Spring Conference of the Equity Forum, the 10th Hamburg Investors’ Day organised by Montega and the German Equity Forum. We also held conference calls and one-to-one discussions with investors.

All relevant information about our shares is available at **www.qbeyond.de/en/investor-relations.** Our IR website contains our reports and announcements, as well as key figures on our shares, the latest consensus among analysts, 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.

q.beyond's share price performance
(indexed)

Shareholder structure as of 31 December 2023



Stable shareholder structure: almost one third of free float held by institutional investors.

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
Shares outstanding as of 31 December 2023	124,579,487
Share class	No-par-value registered shares of common stock
Xetra closing price on 30 December 2022	€ 0.77
Xetra share price high in 2023	€ 1.16
Xetra share price low in 2023	€ 0.52
Xetra closing price on 29 December 2023	€ 0.60

Earnings strength on the rise.

2023 | **2024** | 2025

Starting in 2024, profitability is set to improve sustainably. EBITDA of between € 8 million and € 10 million is planned for this year.

Group Management Report[1]

[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 the topics of Cloud, SAP, Microsoft, data intelligence, security, and software development. We have locations in Germany, as well as in Latvia, Spain and India, and our own certified data centres.

In the past financial year, the operating business was still managed in the two segments of "Cloud" and "SAP". Since 1 January 2024, segmentation has been based on the focused business model developed in 2023, which is presented in further detail in the "Strategy" section. Since 1 January 2024, the business has been managed in the two segments of "Consulting" (consulting & development) and "Managed Services" (operations).

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. Our offerings range from turnkey cloud modules to digital workplaces for networked mobile work to individual IT outsourcing services. Private cloud solutions can be implemented just as successfully as hybrid concepts. Depending on the tasks to be performed, hybrid concepts 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 hyperscalers Amazon, Google, and Microsoft.

Reliable security solutions protect our customers against attacks targeting their IT. We offer a broad portfolio of scalable security solutions, build lines of technical defence, and train our customers' workforces. Our portfolio of services also includes business intelligence solutions which enable customers both to enhance their business processes and to analyse data and make forecasts on a cross-system basis.

The development and adaptation of software on behalf of customers is closely aligned to these services. This gives rise to customised solutions in the form of mobile apps, cloud applications, and other applications which enable our customers to set themselves apart from their competitors and thus successfully develop their businesses further.

Alongside software development, with our "2025 Strategy" we are also expanding our consulting business. IT modernisation workshops are now a fixed component in our range of services.

This also includes Microsoft consulting, which involves advising customers on the latest Microsoft technologies and on seamlessly integrating Microsoft products into existing IT strategies and landscapes.

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 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, application management, hosting, and basic operations. We also provide maintenance, licence management, and extensive support services.

Market and Competitive Position

We are an IT service provider and predominantly work on behalf of medium-sized companies based in Germany. Our company, which is of a medium-sized nature itself, is present throughout Germany and has all its data centres located within the country's borders. To be able to address the specific needs of our customers, in recent years we focused on three select key sectors, namely retail, logistics, and manufacturing. With the 2025 Strategy, we are now also stepping up our activities on behalf of financial service providers and the public sector.

This focus on key sectors and the associated expertise is one of the factors that enabled our company to retain customers and gain additional customers despite challenging conditions in recent years. According to the Lünendonk study "The Market for IT Services in Germany 2023"[2], q.beyond was most recently one of the country's 10 fastest-growing IT service providers. As in the previous year, the Lünendonk study ranked q.beyond 12th in the list of Germany's largest IT service companies by revenues.

Moreover, the study documents how closely the 2025 Strategy meets the requirements of customers. According to its findings, our core topics and services cover the most important strategic IT projects at German companies. Examples here include cloud transformation, cybersecurity, digital workplaces, and individual software development. According to the highly regarded provider study "ISG Provider Lens™ Microsoft Cloud Ecosystem Germany 2023", we have also built a competitive edge with our range of Microsoft services. This study last year conferred "Leader" status on q.beyond in no fewer than two market segments.[3]

[2] www.qbeyond.de/en/press-releases/2023/2023-luenendonk-study-qbeyonds-portfolio-consistent-with-it-investment-focuses-at-german-companies

[3] www.qbeyond.de/en/press-releases/2023/isg-singles-out-qbeyond-as-leader-in-new-microsoft-study

Strategy

Core objective of 2025 Strategy: significantly boosting q.beyond's earnings and financial strength

The new Management Board presented an updated strategy in spring 2023. With the 2025 Strategy, it aims in particular to significantly raise the company's earnings and financial strength in the years ahead. The EBITDA margin is set to more than double from 3% in 2022 to between 7% and 8% by 2025. Furthermore, positive consolidated net income is expected for 2025. Originally, the strategy envisaged generating a sustainably positive full-year free cash flow from 2024 onwards. Thanks to swift implementation of the 2025 Strategy, this target has been met for the 2023 financial year already.

The 2025 Strategy, which was underpinned with numerous measures and schedules in spring 2023, pursues three strategic priorities. It aims to build a more focused business model, achieve a more effective go-to-market approach, and enhance the company's efficiency in "One q.beyond", a project which involves standardising and simplifying all processes and structures at the company.

Focused business model now in place

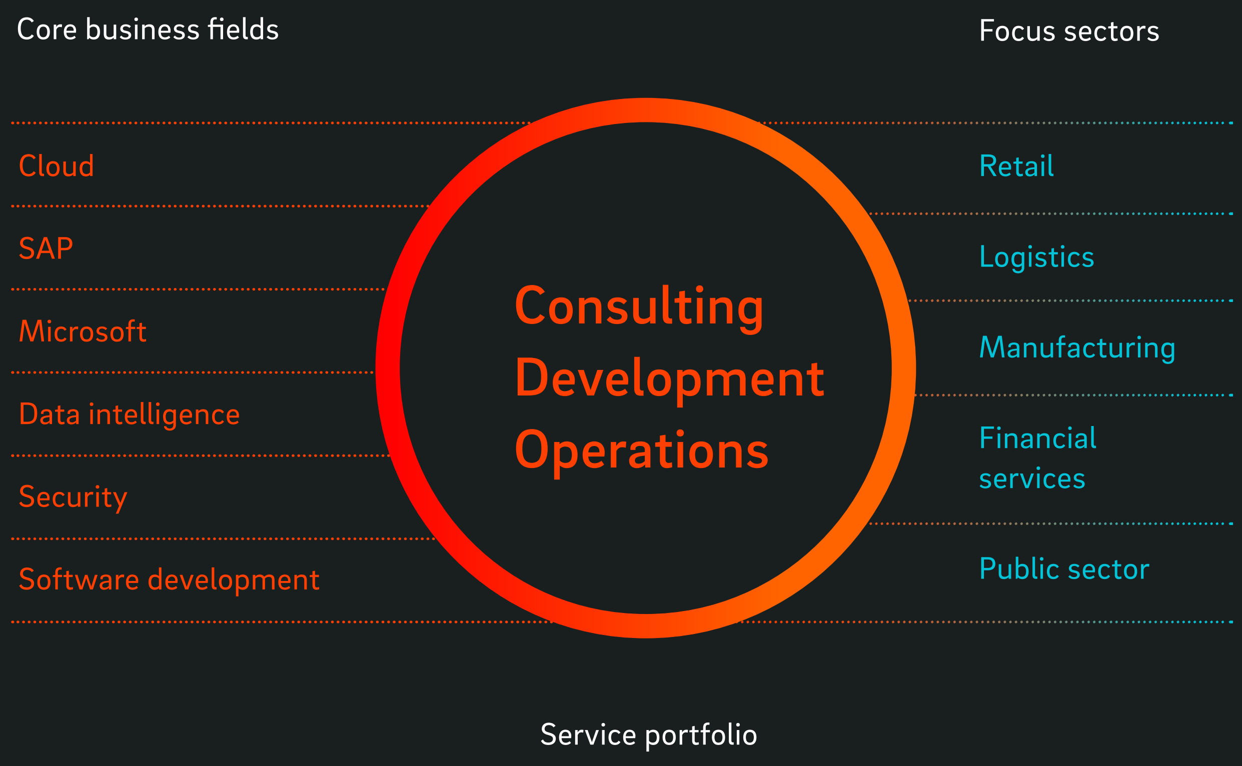
Our company made notable progress with all three strategic priorities in the past financial year. The process of focusing the business model more clearly is already largely complete. Our company now concentrates on 6 core business fields and 5 focus sectors and offers customers here an extensive range of services from consulting to development to operations. As has been the case to date, further growth in our core business fields of Cloud, SAP, Microsoft, data intelligence, security, and software development will be financed above all by internal resources. Furthermore, q.beyond has the option of making targeted acquisitions in these areas and its focus sectors.

The new go-to-market approach has already proven its worth in practice. In the past year, we expanded our indirect sales activities. Working with strong partners, such as Telekom Deutschland and Vodafone, the automated sales model is based on a "product factory" offering standardised services. Customers can select from these to compile a package that meets their respective needs. In 2024, we will increasingly make this factory available to direct sales customers as well and thus tap into additional potential revenues.

The measures we implemented in the past year for "One q.beyond" include merging two subsidiaries into q.beyond AG, standardising our corporate identity under the q.beyond brand, and pooling and simplifying numerous processes within the company. Furthermore, we increased the share of our nearshoring and offshoring activities. We plan to raise this from 11% currently to at least 20% by 2025. At the same time, we aim to further reduce our structural expenses and, by automating processes and deploying artificial intelligence, continually enhance our efficiency.

Consistently pursuing our strategic priorities should ensure that our company is able to significantly improve its earnings and financial strength in the coming years. It will also make it easier to intensify our relationships with existing customers and gain new customers, particular for consulting and development assignments.

Focused business model with 6 core business fields and 5 focus sectors helps boost earnings strength. Profitability has priority over growth.



Innovations form an integral component of our company's operating business. These mostly involve quality and process-related innovations.

Research and Development

Innovation is an integral component of our company's operating business. This mostly involves quality and process-related innovations. It also means integrating new software into existing or new solutions.

This being so, we view research and development ("R&D") primarily as a cross-divisional activity. As in previous years, we have therefore not reported the number of employees working in R&D. Our R&D expenses decreased to € 2.0 million in 2023, down from € 5.4 million one year earlier. These expenses served in particular to develop additional IT services for customers.

Organisation

Our company has its headquarters in Cologne and several locations in Germany. q.beyond simplified its organisational structure in the past financial year, with the two subsidiaries q.beyond Cloud Solutions GmbH and q.beyond Consulting Solutions GmbH being merged into q.beyond AG. Following these mergers, the company still has two wholly-owned subsidiaries at two nearshoring locations: SIA Q.BEYOND, which is located in Riga/Latvia, and q.beyond ibérica S.L., which is based in southern Spain. Furthermore, q.beyond holds 51% stakes in two further companies: the data analytics specialist q.beyond Data Solutions GmbH, formerly known as productive-data

GmbH, and q.beyond logineer GmbH, which markets turnkey IT services for medium-sized logistics companies. q.beyond logineer in turn owns 100% of the shares in q.beyond logineer India Private Limited. 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 2023 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 most important key financial performance indicators referred to on group level are revenues, EBITDA, and the 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.

Monthly reports contain all relevant key figures and budget/actual comparisons and serve as an important basis for the Management and Supervisory Boards to assess and manage the company. 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 47 onwards of this Group Management Report.** This ensures that any changes in opportunities and risks are directly factored into the management system.

Employees

q.beyond had 1,111 employees as of 31 December 2023, as against 1,112 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 2024 and will then be permanently available there. It 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 2023 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 corporate governance 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 2023 financial year. The report will be submitted for approval by the Annual General Meeting in May 2024. Pursuant to § 87a AktG, it provides extensive information on the remuneration system for the Management Board and includes all disclosures required on the remuneration granted and owed to the Management and Supervisory Boards. In fulfilling its duty to review the Management Board remuneration system on an ongoing basis, in March 2023 the Supervisory Board adopted an updated remuneration system for the Management Board. This was approved by a large majority of shareholders at the Annual General Meeting in May 2023.

The remuneration report for the 2023 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 28 March 2024 on the company's website **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 2023 and was divided into 124,579,487 no-par registered ordinary shares. According to the Share Register, these shares were distributed among 21,417 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 26 February 2024. 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 24 May 2023, the Management Board is authorised pursuant to § 71 (1) No. 8 AktG until 23 May 2028 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

Conditional capital amounts to a total of € 25,440,900 and is divided into Conditional Capital IV (€ 25,000,000) and Conditional Capital VIII (€ 440,900).

Conditional Capital VIII serves 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, managing directors of affiliated companies, employees of q.beyond and affiliated companies. 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

q.beyond meets all targets and generates positive free cash flow

With revenues of € 189.3 million, our company generated EBITDA of € 5.7 million and free cash flow of € 1.7 million in the past year. It thus met all the targets stated at the beginning of the year. Based on revenues of € 185 million to € 191 million, we originally forecast EBITDA of € 5 million to € 7 million and free cash flow of up to € -8 million. In August 2023, we raised the free cash flow forecast to up to € -4 million. With free cash flow of € 1.7 million, we managed to generate positive, full-year free cash flow for 2023, one year earlier than announced in the "2025 Strategy" in March 2023.

€ 189.3 m

Just like EBITDA and free cash flow, revenues met the forecast for 2023.

Macroeconomic and Industry Framework

The revenue growth reported for the past year was achieved in an economic climate that remained challenging. In 2023, Germany's gross domestic product contracted for the second time in this decade already. According to calculations compiled by the Federal Statistical Office, GDP fell by 0.3% compared with the previous year.[4] The statisticians attributed this development to high prices across all levels of the economy, unfavourable financing conditions due to significantly higher interest rates, and lower demand from both domestic and foreign markets.

The IT sector was unable to escape the effects of the economic downturn. According to the Bitkom sector association, IT revenues in Germany rose by a mere 2.1% in the past year and thus still fell short of expectations[5], which had already been revised downwards in the middle of the year. The highest growth in the IT sector in the past year was again reported for the software business. With the 2025 Strategy, we are currently expanding our development of individualised software.

Hybrid models gain the upper hand

Our company acted early to focus on cloud solutions in its IT business. This technology has since become the industry standard, as is documented in KPMG's Cloud Monitor for 2023.[6] According to this survey, 97% of German companies with 50

[4] www.destatis.de/EN/Press/2024/01/PE24_019_811.html
[5] www.bitkom.org/Presse/Presseinformation/Halbjahres-Konjunktur-Digitalbranche-waechst-stabil (only available in German)
[6] hub.kpmg.de/de/cloud-monitor-2023 (access-protected, only available in German)

or more employees use cloud solutions. The enormous pace at which the cloud is advancing into ever more areas is underlined by a further finding of the 2023 Cloud Monitor. This showed that, within one year, the number of companies pursuing "cloud-only" or "cloud-first" strategies had risen from just under 50% to 73%. The Cloud Monitor showed that, in implementing these strategies, 58% of companies are now combining public and private cloud solutions. We were also early to identify this trend towards such hybrid cloud solutions and established a corresponding competence centre.

Business Performance

Focus on implementing 2025 Strategy

The 2025 Strategy led to a far-reaching restructuring of our company in the past financial year. Consistent with our strategic priorities, this particularly involved focusing the business model more clearly, increasing the effectiveness of the go-to-market approach, and standardising and simplifying processes and structures in the "One q.beyond" project. At the same time, the new Executive Board had to master several one-off challenges. During 2023, it formed a new management team, wound up the remaining software-as-a-service business, and optimised existing customer contracts, not least with regard to price adjustment clauses.

By the end of 2023, this company restructuring was largely complete. The **focused business model presented on Pages 26 to 27** has been implemented and sales activities are becoming more effective. Within the One q.beyond project, q.beyond Cloud Solutions GmbH (previously: scanplus GmbH) and q.beyond Consulting Solutions GmbH (previously: datac Kommunikationssysteme GmbH) were merged into q.beyond AG and integrated into its structures. productive-data GmbH, a company acquired in 2022, now operates under the name q.beyond Data Solutions GmbH, a move which has also boosted q.beyond's uniform branding. Furthermore, processes and structures have been pooled and increasingly automated across all companies.

Greater effectiveness of go-to-market approach

The 2025 Strategy has also changed the focus of direct sales activities, which now increasingly concentrate on acquiring consulting and development orders. Order volumes here are generally lower at first than with the previously targeted assumption of complete IT operations. Having said this, initial cooperation on projects provides access to better growth opportunities in the medium and long terms. Against this backdrop, new orders totalled € 135.1 million in the past financial year, as against € 227.8 million in the previous year. Initial experience has nevertheless shown that high-quality consulting and trust-based cooperation on innovations create various leads to extend customer relationships, including the assumption of operations services.

In parallel, the 2025 Strategy also involves our company expanding its indirect sales activities. Here, we work together with strong partners in the market, such as Telekom Deutschland and Vodafone.

New orders in the second sales channel increased by 45% to € 25.5 million in the past year. We are drawing on the experience gained from the largely automated marketing of standardised IT services, on the one hand, to acquire further sales partners and, on the other, to make it easier for our direct customers to purchase additional services.

Digital partnership with Tchibo

In summer 2023, our direct sales succeeded in extending the contractual relationship with our major customer Tchibo, for which we have provided numerous IT systems and core applications for many years now. The new contract with the market leader for roasted coffee and multichannel retailer also forms the basis for a digital partnership. The objectives of this are to further transform and modernise Tchibo's IT infrastructure, as well as its process and application environment. In future, the two companies will take a comprehensive approach to developing and operating business processes and applications by drawing on DevOps methods.

Pioneering role in sustainability boosts go-to-market approach

At the end of September 2023, our company was one of Germany's first medium-sized IT providers to join the EU Code of Conduct on Data Centre Energy Efficiency. In times of rising energy expenses, the greater resultant efficiency helps on the one hand to stabilise costs, thus widening the scope for achieving the targeted increase in profitability. On the other hand, signing up to the Code will make our company even more attractive for customers wishing to procure sustainable IT services in order to meet their own sustainability targets. We will further expand this competitive advantage from the coming year onwards. Following measures to convert cooling technology, our data centres are also expected to comply in future with the EU Taxonomy criteria for sustainable data centre operations.

Expansion in nearshoring and offshoring activities

With One q.beyond, we intend to significantly increase the share of nearshoring and offshoring activities beyond 2023 and thus boost our profitability while effectively countering the shortage of IT specialists in Germany. During 2023, the second company to commence such operations was q.beyond ibérica at the nearshoring location in Jerez de la Frontera (Spain). SIA Q.BEYOND in Riga (Latvia) has been active since 2020.

Since September 2023, the company has operated its third international outlet, in this case q.beyond logineer India. Since day one, the Indian company has employed more than 50 IT experts who already worked on behalf of customers at q.beyond's logistics subsidiary logineer. The Indian team is continuing to focus their activities on supporting logistics customers with their day-to-day IT operations. The services offered range from working in an SAP and the CargoWise environment, which is particularly relevant to the logistics sector, to IT infrastructure topics to guaranteeing 24/7 support. In line with customer requirements, the new subsidiary will in future also offer these services on a cross-sector basis.

Key Performance Indicators

Full-year revenues grow by 9% to € 189.3 million in 2023

Revenues rose to € 189.3 million in the past financial year, up from € 173.0 million in the previous year. The two segments of "Cloud" and "SAP" both reported substantial growth. Cloud revenues increased by 9% to € 151.2 million, while SAP revenues rose by even 13% to € 38.1 million. Revenues were positively influenced by the consolidation of q.beyond Data Solutions GmbH (previously: productive-data GmbH), in which q.beyond acquired a majority stake in the fourth quarter of 2022.

Of the revenues generated in the past financial year, 73% were of a recurring nature, while 70% were attributable to the company's focus sectors. Now numbering five, these are retail, logistics, manufacturing, financial services, and the public sector.

73% of revenues in the past financial year were of a recurring nature, while 70% of revenues were generated in the new total of five focus sectors.

EBITDA rises to € 5.7 million

EBITDA, a definition of which can be found on **Page 29**, stood at € 5.7 million in 2023, as against € 5.4 million in the previous year. In the past financial year, this key figure was decisively influenced by the increase in other operating income by € 3.4 million to € 9.4 million. This in turn was largely due to a decision in q.beyond's favour by the tax authorities concerning the tax treatment of the Plusnet sale in 2019, as a result of which the company will receive a further purchase price tranche of € 8.6 million.

Free cash flow improves in one year by € 11.4 million

q.beyond generated free cash flow of € 1.7 million in the past financial year, compared with € -9.7 million in 2022. It can thus report an inflow of liquidity one year earlier than has been planned in the 2025 Strategy. This success was driven in particular by the order-to-cash project, which enables receivables and payments to be managed far more efficiently, as well as to further changes in working capital.

As in previous years, free cash flow corresponds to the change in net liquidity excluding IFRS 16 lease liabilities, with this figure previously being adjusted to exclude non-operating items such as acquisitions. No such items arose in 2023. Net liquidity stood at € 37.6 million as of 31 December 2023, compared with € 35.9 million one year earlier.

The net liquidity figure as of 31 December 2022 was calculated on the basis of liquid funds of € 36.4 million, less a loan of € 0.5 million within the group of consolidated companies that was fully repaid in 2023.

€ +1.7 m

Sustainably positive free cash flow one year earlier than expected.

Earnings Performance

Gross profit of € 16.8 million in 2023

Cost of revenues amounted to € 172.5 million in the past financial year, compared with € 158.4 million in the previous year. This line item includes one-off expenses of a low single-million euro amount which were incurred to restructure the company, and here in particular to adjust its personnel structure. Despite this, we were able to increase gross profit to € 16.8 million in the past financial year, up from € 14.7 million in the previous year.

In connection with measures taken to boost the company's go-to-market approach, sales and marketing expenses rose to € 15.2 million, up from € 12.9 million in 2022. At € 18.8 million, general and administrative expenses remained almost changed on the previous year's figure of € 18.7 million.

Other operating income increased from € 6.0 million in the previous year to € 9.4 million in 2023. As announced during the financial year, this mainly comprises one-off income of € 8.6 million resulting from a decision by the tax authorities concerning the tax treatment of the Plusnet sale in 2019. In the sale contract, it was agreed at the time that a payment of this amount would only be made following acknowledgement in a company tax audit of the fiscal unity in place between q.beyond and its former wholly-owned subsidiary Plusnet. Now that the tax authorities have acknowledged this fiscal unity, the amount will be disbursed in the current financial year.

The higher amount of other operating income had a significantly positive impact on EBITDA in the past financial year, as is apparent in the abridged income statement presented below. As disclosed in the intra-year quarterly reporting, this includes depreciation and amortisation as a separate line item, thus facilitating an assessment of our company's operating earnings strength. Consistent with IAS 1, in the consolidated financial statements depreciation and amortisation form part of the individual cost items.

Depreciation and amortisation, including share-based remuneration, amounted to € 13.8 million in 2023, compared with € 16.8 million in the previous year; of this, an amount of € 3.7 million in the past financial year related to the depreciation of right-of-use assets pursuant to IFRS 16 (2022: € 4.3 million). The total amount of impairment losses fell to € 2.9 million, contrasting with € 20.9 million in the previous year. These include the write-down in full of the investment in the self-checkout specialist snabble, which was acquired in summer 2021, and of a platform no longer required at the former q.beyond Cloud Solutions.

Including depreciation and amortisation, operating earnings (EBIT) improved from € -32.3 million in the previous year to € -10.9 million in 2023. Earnings before taxes on income amounted to € -11.3 million, compared with € -33.2 million in 2022. Taxes on income amounted to € -5.2 million in 2023, as against € 0.2 million in the previous year. They largely result from a further decision by the tax authorities concerning the tax treatment of the Plusnet sale. Further information about this can be found in **Note 21 of the Notes to the Consolidated Financial Statements.** Consolidated net income improved to € -16.4 million, up from € -33.1 million in the previous year.

€ million	2023	2022
Revenues	**189.3**	**173.0**
Cost of revenues[1]	(161.7)	(145.6)
Gross profit[1]	**27.6**	**27.4**
Sales and marketing expenses[1]	(14.6)	(12.6)
General and administrative expenses[1]	(16.4)	(14.9)
Other operating result	9.2	5.5
EBITDA	**5.7**	**5.4**
Depreciation and amortisation (including share-based remuneration)	(13.8)	(16.8)
Impairment losses	(2.9)	(20.9)
Operating earnings (EBIT)	**(10.9)**	**(32.3)**

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

Earnings Performance by Segment

Cloud business continues to grow in 2023, the year of restructuring

Revenues in the “Cloud” segment grew by 9% to € 151.2 million in the past financial year. The cost of revenues rose over the same period by 10% to € 129.1 million. This figure includes expenses incurred to restructure the organisation, including adjustments made to the personnel structure within the 2025 Strategy. As a result, gross profit rose only slightly to € 22.1 million, compared with € 21.9 million in the previous year. Sales and marketing expenses increased to € 11.8 million in the past financial year, up from € 10.2 million in 2022. This resulted in a segment contribution of € 10.3 million, as against € 11.7 million in the previous year.

Double-digit growth in SAP segment

In the past financial year, the SAP segment overcame the weak growth seen previously and increased its revenues by 13% to € 38.1 million. The cost of revenues grew over the same period by 15% to € 32.6 million. At € 5.5 million, gross profit remained unchanged on the previous year. Due to a slight rise in sales and marketing expenses, the segment contribution amounted to € 2.7 million, compared with € 3.1 million in 2022.

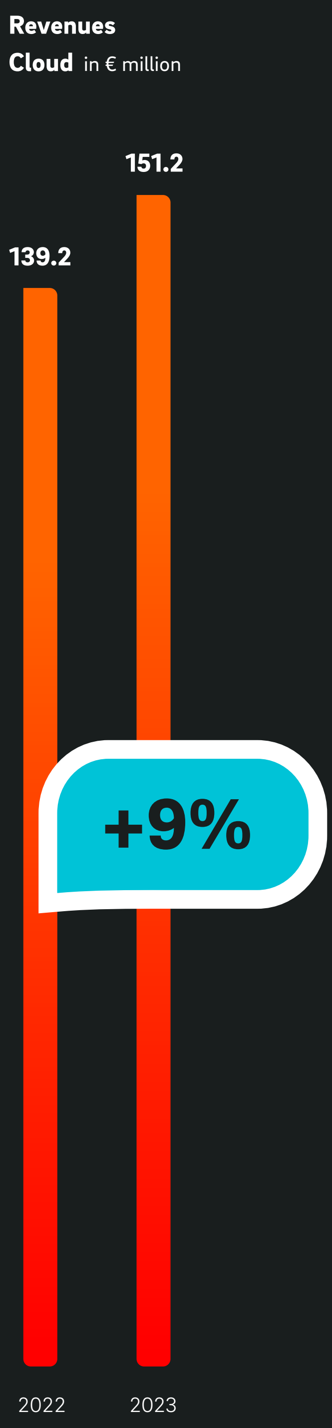
Financial Position

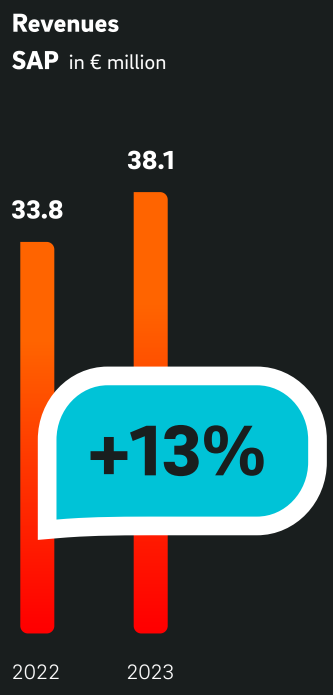
Our company finances all of its activities from existing liquidity. As of 31 December 2023, the balance sheet included cash and cash equivalents of € 37.6 million compared with € 36.4 million in the previous year. There were no liabilities to banks, and our company is free of debt.

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 € -1.3 million in the previous year to € 6.5 million in 2023. The cash flow from investing activities totalled € -1.7 million, compared with € -14.0 million in 2022. The cash flow from financing activities, which chiefly involves repayments of lease liabilities, came to € -3.5 million compared with € -5.1 million in 2022. As a result of these changes, cash and cash equivalents rose by € 1.2 million to € 37.6 million in 2023.

Both segments posted significant revenue growth in 2023. The SAP business impressively overcame the weak growth it had previously shown.





Asset Position

Highly moderate capital expenditure of € 2.3 million

Excluding the impact of IFRS 16, capital expenditure stood at € 2.3 million in the past financial year compared with € 3.0 million one year earlier. Key focuses were the ongoing modernisation of our data centres and the expansion in the automated cloud platform.

The extended period of highly moderate capital expenditure has influenced the consolidated balance sheet. Total assets amounted to € 154.3 million as of 31 December 2023, compared with € 161.1 million in the previous year. Here, non-current assets decreased in value to € 65.1 million, compared with € 74.3 million at the previous year's balance sheet date. This reduction was chiefly attributable to depreciation and amortisation, as well as to impairment losses. As a result, property, plant and equipment (including land and buildings) fell in value from € 37.8 million as of 31 December 2022 to € 31.8 million as of the 2023 balance sheet date. Due in particular to the write-down of the investment in snabble GmbH, the value of financial assets recognised using the equity method decreased to € 2.8 million, as against € 5.3 million at the previous year's balance sheet date.

By contrast, current assets rose to € 89.3 million as of 31 December 2023, up from € 86.7 million one year earlier. Strict payment management reduced trade receivables to € 34.1 million as of 31 December 2023 (31.12.2022: € 39.7 million). Cash and cash equivalents, on the other hand, rose to € 37.6 million, as against € 36.4 million at the previous year's balance sheet date. In addition, other current assets rose to € 10.6 million, up from € 3.8 million as of 31 December 2022. This line item chiefly includes an amount of € 8.6 million recognised as other operating income; following a decision by the tax authorities, this amount is due to our company in connection with the Plusnet sale and will be paid during 2024.

Equity ratio of 64%

Our company is free of debt and very solidly financed. That is apparent in the equity and liabilities side of the consolidated balance sheet as of 31 December 2023. At this point in time, the equity ratio stood at 64% compared with 72% as of 31 December 2022. This reduction results from the lower level of shareholder's equity which, due to the accumulated deficit, fell from € 115.7 million at the balance sheet date at the end of 2022 to € 99.4 million, while total assets also declined.

Non-current liabilities decreased from € 14.5 million in the previous year to € 13.3 million as of 31 December 2023. These mainly comprise lease liabilities, financial liabilities for call-put options relating to the acquisition of further shares in subsidiaries already consolidated and pension provisions.

Primarily on account of higher provisions, current liabilities increased to € 41.6 million as of 31 December 2023, as against € 30.9 million as of 31 December 2022. On the one hand, tax provisions of € 6.0 million were stated due to the results of a company tax audit for the years 2017 to 2019 (31.12.2022: € 2.2 million). On the other hand, other provisions rose to € 4.1 million, compared with € 1.6 million as of 31 December 2022, with this increase being attributable to strategic measures to restructure the company. These were already initiated in 2023 and are due to be completed in 2024.

Outlook, Opportunity and Risk Report

Overall Summary of Outlook

EBITDA set to rise to € 8 million to € 10 million in 2024

Consistent implementation of the 2025 Strategy will lead our company's earnings and financial strength to rise significantly and sustainably by 2025. The preparatory measures required for this were implemented in the past financial year. Based on revenues of € 192 million to € 198 million (2023: € 189.3 million), for 2024 we now plan to achieve a sustainably positive free cash flow (2023: € 1.7 million) and an increase in EBITDA to between € 8 million and € 10 million (2023: € 5.7 million). In this, we will still adhere to the principle of "profitability ahead of growth" and continually enhance our internal efficiency. The measures we will take to this end include raising the share of our nearshoring and offshoring activities, promoting the automation of processes, and increasingly deploying artificial intelligence.

4% – 5%

EBITDA margin budgeted for the 2024 financial year. The target in the 2025 Strategy calls for a margin of 7% to 8% in 2025.

Future Macroeconomic and Industry Framework

German economy will, if at all, show only slight growth in 2024. In its Annual Economic Report, the Federal Government forecast minimal growth of 0.2% in gross domestic product.[7] Some economic researchers, such as those at the German Economic Institute (IDW) in Cologne, even expect a recession.[8] This means that economic growth in Germany will continue to fall short of most industrialised and emerging economies.

According to Bitkom, in the current year (and unlike in 2023) the IT sector will probably be able to detach itself from the weak overall economy. In its forecast published at the beginning of January 2024, the sector association expects IT revenues in Germany to grow this year by 6.1% to € 151.5 billion. Furthermore, the German market for IT services, q.beyond's core market, is expected to grow by 4.8% to € 51.7 billion.[9]

7 www.bmwk.de/Redaktion/DE/Pressemitteilungen/2024/02/20240221-jahreswirtschaftsbericht-2024.html (only available in German)
8 www.iwkoeln.de/presse/pressemitteilungen/bip-schrumpft-2024-um-halbes-prozent.html (only available in German)
9 www.bitkom.org/Presse/Presseinformation/Digitalbranche-von-Krisen-unbeeindruckt (only available in German)

Expected Earnings, Financial and Asset Position

EBITDA margin set to improve to 4% to 5%

Having implemented far-reaching restructuring measures in 2023, in the current financial year we will significantly increase our profitability. We expect EBITDA to rise to between € 8 million and € 10 million. Based on budgeted revenues of € 192 million to € 198 million, this corresponds to an EBITDA margin of 4% to 5%. Our company is thus well on course to achieve the targets provided for in the strategy, namely of generating an EBITDA margin of 7% to 8% and positive consolidated net income in the coming 2025 financial year.

We will deploy various levers to raise our profitability. In our sales activities, we will continue to focus on acquiring higher-margin consulting and development orders and will only accept operations orders with a suitable marginal return. Consistently managing prices and optimising capacity utilisation rates for internal consultants will also boost our earnings strength. These measures will be accompanied by the ongoing automation of processes, the increased deployment of artificial intelligence, for example in customer service and software development, and the expansion in the share of nearshoring and offshoring activities. This latter share is set to rise from 11% to at least 20% by 2025. The increased earnings strength resulting from these measures will make a decisive contribution enabling q.beyond to generate a sustainably positive free cash flow once again in the current 2024 financial year.

Expected Earnings Performance by Segment

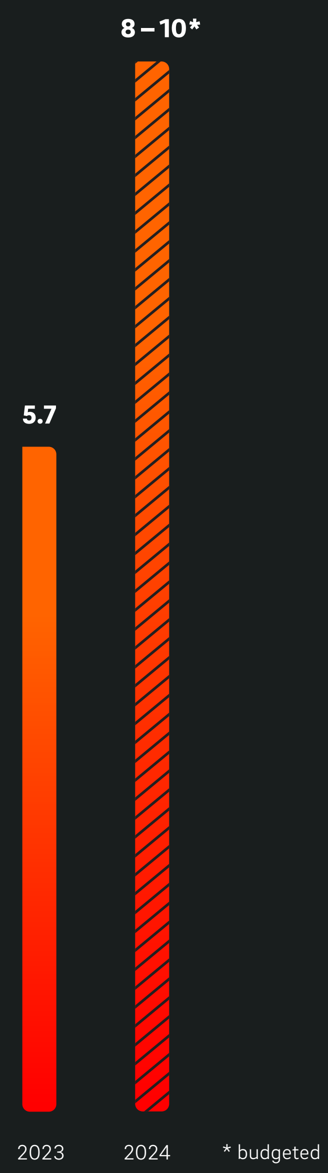
Consistent with our focused business model, from the 2024 financial year onwards we will base our reporting on the two segments of “Consulting” (consulting & development) and “Managed Services” (operations). As already outlined, we will focus our sales activities on the consulting and development business. We therefore primarily expect this segment to generate rising revenues on a like-for-like basis, as well as significantly higher gross profit. In the Managed Services segment, we expect both key figures to remain stable overall. In this segment, which already has a high margin, the positive impact of new business volumes will be countered by price discounts for existing business and increased personnel expenses.

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. The restructuring of our company, and here in particular the further development in its personnel strategy, will also produce opportunities. The ongoing build-up of expertise, the increase in the share of near-

After our far-reaching restructuring in 2023, we will significantly increase our profitability in the current year, 2024.

EBITDA in € million



Revenues

For 2024, we have budgeted revenues of € 192 million to € 198 million.

Free cash flow

We will generate a sustainably positive free cash flow in the current financial year as well.

shoring and offshoring activities and good working conditions will increase the performance capacity of our organisation and make it easier to seize opportunities arising in the market.

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 2024. By analogy with risks, the company 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:

- **Greater demand for consulting services.** Given advancing digitalisation and the increasing need to integrate artificial intelligence into processes, the interest shown by medium-sized customers may rise more sharply than planned, not least as we are further stepping up our efforts to market our consulting expertise.

- **Rapid implementation of new SAP solutions.** The ever more urgent technological advance to S/4HANA offers the opportunity of further promoting the SAP business. As many medium-sized companies have delayed implementing this conversion to date, demand for corresponding consulting and implementation services may possibly exceed expectations this year despite the ongoing weak economic backdrop.

- **Growing interest in development expertise.** Proprietary solutions still form part of the IT landscape at many medium-sized companies. Given the relocation of systems to the cloud and ever growing requirements, these solutions are reaching their limits. In view of this, we might be able to generate higher revenues from customer-specific software development than expected. To account for this, we are further stepping up our sales efforts in this area.

- **Growing demand in new focus sectors.** With our 2025 Strategy, we are supplementing our traditional focus sectors of retail, logistics, and manufacturing to include financial services and the public sector as well. Here too, we are initially focusing on advising customers and developing individual software solutions. As both new sectors have a considerable need to catch up in terms of their digitalisation, the resultant revenues may possibly exceed our budget assumptions.

- **Greater awareness for cybersecurity solutions.** We now offer a wide range of security solutions enabling us to offer the best possible protection to our customers' IT infrastructures. As part of the new strategy, we have begun marketing this portfolio more clearly on a standalone basis. As the threat posed by cybercrime continues to grow, demand for corresponding solutions may turn out higher than planned.

- **Higher revenues with partners.** Our company has relationships built up over many years with large IT companies, such as Microsoft and SAP, and took targeted steps to intensify its cooperation in the past financial year. Our status as an SAP Gold Partner and a Microsoft Solutions Partner results in an increasing numbers of leads for our sales activities. It is possible that our cooperation with these partners will generate higher revenues than expected in the current year.

- **Pioneering role in sustainability.** When selecting their IT service providers, growing numbers of customers are paying attention to the progress made by such providers in terms of sustainability. Thanks to numerous initiatives, we have built up a leading position in this respect. We thus aim to achieve climate-neutral operations from the coming financial year already and to satisfy the EU Code of Conduct on Data Centre Energy Efficiency. We have also signed up to the Diversity Charter. This competitive edge may lead more customers than we currently expect to decide to work with our company in the current financial year.

Risk Management

For listed companies, the obligation to establish an appropriate and effective internal control system (ICS) and a corresponding risk management system (RMS) is enshrined in law in the German Stock Corporation Act (AktG). In addition, q.beyond 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 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), ISO 9001 (Quality Management), and the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), which is applicable from the 2024 calendar year onwards, 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 it 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 review occurred in December 2023.

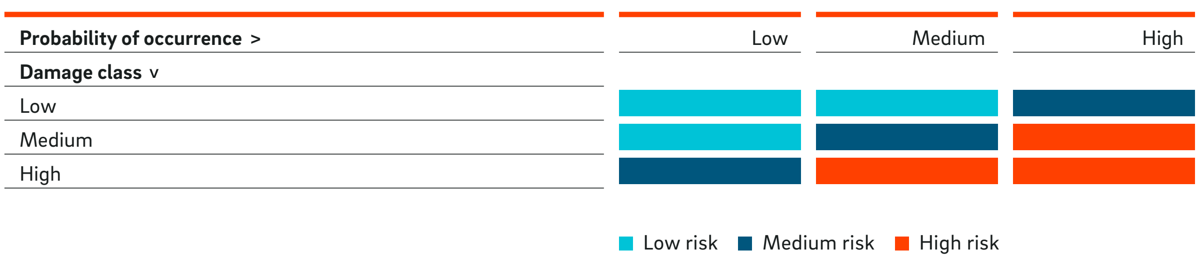
When auditing the financial statements, the external auditors also review each year whether the early-warning risk identification system is suitable for the early detection of any risks to the company's continued existence. Further information about the RMS in respect of financial instruments recognised 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 damage 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.

The Management Board informs the Supervisory Board Audit Committee with an extensive risk report at least once a year.

Classification of risks



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

Assessment of scope of damage (adverse impact on liquidity/cash flow)
Low: Below € 250,000
Medium: Up to € 1,000,000
High: Over € 1,000,000

The classification of a risk as "low", "medium", or "high" is based on the combination of its probability of occurrence and scope of damage. 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 our company.

This risk analysis and classification is followed by measures aimed at dealing with and monitoring risks. These measures 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.

In its internal risk reporting, the company bases its relevant risk categories in particular on a distinction between those 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 the 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 damage 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.

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 for the Group’s own IT and for customers’ 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 onwards.

Our modern IT security systems are permanently monitored and continuously enhanced together with the structures in our IT service management. Audits performed by external experts in accordance with ISO 27001 or pursuant to ISAE 3402 help us to identify any areas of risk as swiftly as possible and consistently eliminate any weak points. These measures also include regular penetration tests which we commission to detect any potential security gaps in our networks that could be exploited by criminally motivated attackers, as well as measures to safeguard fully functional emergency 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. Suitable plans to continue business activities and professional emergency management assist in mitigating the effects of cyberattacks as far as possible.

Shortage of specialists

Our company needs qualified specialists to operate and further develop its own product portfolio and to be able to market existing and new services. Given the growing shortage of IT specialists 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. This risk may be exacerbated by employees resigning, particularly when this leaves the company without the personnel capacities 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.

Our company counters this risk by consistently training young specialists, offering a range of targeted retention measures for those specialists and executives who are especially important to the company's operations, and extending our nearshoring and offshoring activities. The further expansion in personnel capacities at our subsidiaries in Latvia, Spain, and – since autumn 2023 – also in India is extending the opportunities to recruit highly trained staff for our company. 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.

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 prepared for increasingly extensive reporting requirements. This is because the regulatory requirements relating to compliance with sustainability targets and external sustainability reporting are increasing and gaining in complexity. In particular, compliance with European sustainability initiatives, such as the Corporate Sustainability Reporting Directive (CSRD), the EU Regulation Establishing a European Single Access Point (ESAP), 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.

Challenges posed by increased use of artificial intelligence

In recent years, artificial intelligence (AI) has developed into one of the most important key technologies and harbours substantial opportunities for science, business, and society. Developments in the field of AI are advancing very rapidly. The enormous rise in the performance capacity of AI systems and their widespread use in various areas of application also present great opportunities for our company. At the same time, the rapid developments in AI and new forms of individual use also confront the company with new challenges.

Deploying AI at companies may give rise to liability risks resulting in particular from application errors in the use of AI and from infringements of legal requirements, such as data protection laws and information security requirements. Furthermore, the increasing use of AI may also lead to a loss of expertise and create concerns among employees.

Irrespective of this, AI will become a major component of our future service portfolio, not least in view of market developments. Should q.beyond not succeed in adapting and exploiting the technical and economic opportunities offered by AI at least to the same extent as its competitors, then this could impair the company's future economic performance.

Furthermore, drawing on the opportunities harboured by AI may further exacerbate the threat posed by cyberattacks and the resultant damage if criminal attackers manage to use the evolving possibilities of AI to damage companies and society to their own benefit.

Seizing the opportunities associated with artificial intelligence is one of the top priorities on the agenda of our management, as is monitoring the resultant risks. A dedicated company department under the management of our Chief Technical Officer is charged with optimally exploiting AI-related opportunities and minimising the associated risks.

Economic slowdown

Economic developments not only in Germany were shaped in 2023 by the global economic impact of geopolitical conflicts such as the ongoing war in Ukraine and the renewed resurgence of the Middle East conflict. These factors also continue to impede macroeconomic developments in our home market. In parallel, domestic political conflicts are weighing on economic confidence in Germany and creating a high degree of uncertainty among companies. This could lower demand for consulting services or digitalisation projects due to relevant investment decisions being postponed or the associated investment volumes being reduced. q.beyond is increasingly feeling the effects of these factors as it steps up its own sales efforts to secure possible orders, while increased price sensitivity among customers is significantly influencing the offers submitted by competitors. The Management Board continually monitors the latest developments and evaluates the measures required in response.

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

Three cost factors are still highly relevant to q.beyond's earnings performance: electricity prices, licence costs, and personnel expenses. Energy market prices may have stabilised recently, but market watchers expect them to show a further increase this year, not least as a result of the higher CO_2 tax.

q.beyond has fixed its electricity procurement prices for 2024 and is thus not exposed to any risks from variable prices. The company has otherwise not concluded any energy derivatives. Licencing costs, particularly for SAP and Microsoft, remain high. Depending on individual contracts, there is the risk that price increases cannot be passed on to customers in full, or only at a later point in time.

The development in personnel expenses also continues to involve great uncertainty. In particular, the shortage of specialists witnessed for years now boosts the negotiating position of existing and potential employees and increases their willingness to switch employer. As the baby-boomer generation is due to retire in the coming years, no significant change is to be expected in the shortage of staff in the medium term.

To retain high-performing employees and continue to be viewed as an attractive employer for specialists and management staff, it may therefore be necessary to pay significantly higher salaries and introduce other incentive models.

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 measures include generous working-from-home regulations, flexible working hours, and additional pension provision.

Overall Summary

Taking due account of the potential scope of damage 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 expedient 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

(unaudited)

Our internal control system (ICS) 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 ICS 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 ICS 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 ICS is to be assessed. q.beyond AG and all associated companies are integrated into our ICS. The Management Board bears overall responsibility for the ICS. At the end of each financial year, it assesses the appropriateness and effectiveness of the ICS. The relevant managers at the business units and subsidiaries are obliged to implement an appropriate and effective ICS which conforms to group requirements in their respective areas of responsibility. The ICS 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 ICS 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 2023, the Management Board had no indication that the ICS 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 ICS. In particular, it monitors financial reporting and the associated processes, as well as the appropriateness and effectiveness of the ICS, the risk management system, and the internal audit system.

Compliance Management System

(unaudited)

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 damage 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 in charge of 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. q.beyond AG established an appropriate and effective whistleblowing and complaints mechanism in as early as 2018. All stakeholder groups are called on to report any concerns they may have as to suspected infringements of applicable laws or our company's regulations.

SAFE CHANNEL, an electronic whistleblowing tool, is available to everyone within and outside the company at all times and free of charge. It provides a confidential means to report any suspicions of illegal and unethical conduct, also anonymously if preferred. Any infringements discovered are investigated objectively by trained specialist staff, supported if appropriate by external experts, and are consistently and transparently sanctioned without regard to the reputation of the relevant person or their hierarchical position. The whistleblowing and complaints mechanism satisfies the requirements of the German Whistleblower Protection Act, which came into force in the 2023 calendar year, and of the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG), which requires mandatory application by q.beyond AG from the 2024 calendar year onwards.

Key Features of the Internal Control System (ICS) 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.

Positive consolidated net income expected.

2023 | 2024 | 2025

Starting in 2025, q.beyond will generate sustainably positive consolidated net income – with an EBITDA margin of 7% to 8% in the coming year.

Financial Report

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

€ 000s	Note	2023	2022
Revenues	6	**189,280**	**173,022**
Cost of revenues	7	(172,472)	(158,351)
Gross profit		**16,808**	**14,671**
Sales and marketing expenses	7	(15,169)	(12,867)
General and administrative expenses	7	(18,819)	(18,686)
Impairment losses	8, 17	(2,929)	(20,850)
Other operating income	9	9,431	5,980
Other operating expenses	9	(259)	(519)
Operating earnings (EBIT)		**(10,937)**	**(32,271)**
Financial income	10	735	118
Financial expenses	10	(508)	(193)
Income from associates	11	(548)	(900)
Earnings before taxes		**(11,258)**	**(33,246)**
Income taxes	38	(5,180)	158
Consolidated net income		**(16,438)**	**(33,088)**
Other comprehensive income			
Line items that are not reclassified in the income statement			
Actuarial gains (losses) from defined benefit pension plans	26	(147)	2,125
Tax effect	38	48	(692)
Currency translation	26	(17)	-
Other comprehensive income after taxes		**(116)**	**1,433**
Total comprehensive income		**(16,554)**	**(31,655)**
Attribution of consolidated net income			
Owners of the parent company		(17,477)	(33,304)
Non-controlling interests		1,039	216
Attribution of consolidated net income		**(16,438)**	**(33,088)**
Attribution of total comprehensive income			
Owners of the parent company		(17,593)	(31,871)
Non-controlling interests		1,039	216
Attribution of total comprehensive income		**(16,554)**	**(31,655)**
Earnings per share (basic) in €	12	(0.14)	(0.27)
Earnings per share (diluted) in €	12	(0.14)	(0.27)

Consolidated Statement of Cash Flows

€ 000s	Note	2023	2022
Cash flow from operating activities	32		
Earnings before taxes		(11,258)	(33,246)
Depreciation and amortisation of non-current assets	8, 14, 17	11,041	17,876
Write-downs of equity investments	11	1,966	-
Goodwill impairments		-	15,760
Depreciation of right-of-use assets (IFRS 16)	16	3,680	4,257
Other non-cash income and expenses		734	(264)
Profit from sale of financial assets recognised at equity		-	(25)
Profit from retirement of assets		(1)	(9)
Income taxes paid		(1,715)	(98)
Income taxes received		1,622	83
Interest received		608	83
Interest paid in connection with leases (IFRS 16)	16	(270)	(105)
Net financial expenses	10	(228)	75
Income from associates	11	548	900
Changes in provisions	28, 29	2,382	(4,795)
Changes in trade receivables	18	3,940	(4,056)
Changes in trade payables		(3,224)	6,223
Changes in other assets and liabilities		(3,352)	(3,917)
Cash flow from operating activities	32	**6,473**	**(1,258)**
Cash flow from investing activities	33		
Payments for purchase of intangible assets		(248)	(473)
Payments for purchase of property, plant and equipment		(2,328)	(3,047)
Payments for purchase of a subsidiary, less liquid funds thereby acquired		-	(10,635)
Proceeds from sale of property, plant and equipment		873	32
Proceeds from sale of financial assets recognised at equity		-	134
Cash flow from investing activities	33	**(1,703)**	**(13,989)**
Cash flow from financing activities	33		
Repayments of convertible bonds		(3)	(6)
Repayments of loans		(500)	-
Payments into a capital reserve	24	298	-
Interest paid		-	(3)
Repayments of lease liabilities	16	(3,311)	(5,056)
Cash flow from financing activities	33	**(3,516)**	**(5,065)**
Change in cash and cash equivalents		**1,254**	**(20,312)**
Cash and cash equivalents as of 1 January		36,388	56,700
Cash and cash equivalents as of 31 December	22	**37,642**	**36,388**

Consolidated Balance Sheet

€ 000s	Note	31 Dec. 2023	31 Dec. 2022
ASSETS			
Non-current assets			
Property, plant and equipment	14	15,864	21,113
Land and buildings	14	15,943	16,662
Goodwill	15	13,948	15,854
Right-of-use assets	16	8,637	7,802
Other intangible assets	17	5,481	5,074
Financial assets recognised at equity	11	2,763	5,277
Prepayments	19	1,211	1,464
Other non-current assets	21	1,203	1,068
Non-current assets		**65,050**	**74,314**
Current assets			
Trade receivables	18	34,135	39,681
Prepayments	19	6,776	6,667
Inventories	20	109	217
Other current assets	21	10,631	3,793
Cash and cash equivalents	22	37,642	36,388
Current assets		**89,293**	**86,746**
TOTAL ASSETS		**154,343**	**161,060**

€ 000s	Note	31 Dec. 2023	31 Dec. 2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	23	124,579	124,579
Capital reserve	24	144,382	144,084
Other reserves	26	(435)	(319)
Accumulated deficit		(170,680)	(153,203)
Equity attributable to owners of parent company		**97,846**	**115,141**
Non-controlling interests		1,549	510
Shareholders' equity		**99,395**	**115,651**
Liabilities			
Non-current liabilities			
Lease liabilities	16	5,239	5,009
Other financial liabilities	27	3,841	5,686
Accrued pensions	28	2,099	2,312
Other provisions	29	928	780
Trade payables	30	375	750
Deferred tax liabilities	38	829	-
Non-current liabilities		**13,311**	**14,537**
Current liabilities			
Trade payables and other liabilities	30	25,530	23,898
Lease liabilities	16	3,395	2,731
Other financial liabilities	27	1,342	-
Other provisions	29	4,053	1,604
Tax provisions	29	5,996	2,155
Deferred income	31	1,321	484
Current liabilities		**41,637**	**30,872**
Liabilities		**54,948**	**45,409**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**154,343**	**161,060**

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 2023		**124,579**	**144,084**	**(319)**	**(153,203)**
Consolidated net income		-	-	-	(17,477)
Other comprehensive income, net of taxes	26	-	-	(99)	-
Currency translation differences	26	-	-	(17)	-
Total comprehensive income		**-**	**-**	**(116)**	**(17,477)**
Payment into a capital reserve	24	-	298	-	-
Balance as of 31 December 2023		**124,579**	**144,382**	**(435)**	**(170,680)**
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)**

Total	Non-controlling interests	Total equity	
115,141	**510**	**115,651**	**Balance as of 1 January 2023**
(17,477)	1,039	(16,438)	Consolidated net income
(99)	-	(99)	Other comprehensive income, net of taxes
(17)	-	(17)	Currency translation differences
(17,593)	**1,039**	**(16,554)**	**Total comprehensive income**
298	-	298	Payment into a capital reserve
97,846	**1,549**	**99,395**	**Balance as of 31 December 2023**
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**

Notes to the Consolidated Financial Statements for the 2023 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 around 1,100 people accompanies SME customers securely and reliably throughout their digital journey. We are experts in Cloud, SAP, Microsoft, data intelligence, security and software development. With several locations in Germany, as well as in Latvia, Spain and India, 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 2023, 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 2023 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 21 March 2024 (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.

The subsidiaries q.beyond Consulting Solutions GmbH (formerly datac Kommunikationssysteme GmbH) and q.beyond Cloud Solutions GmbH were merged into q.beyond AG as of 31 October 2023 and 31 July 2023 respectively.

productive-data GmbH has operated under the name q.beyond Data Solutions GmbH, Hamburg, since 5 September 2023. By way of three call-put options exercisable in the years from 2024 to 2026, q.beyond AG has committed to acquire the remaining 49% of the shares in q.beyond Data Solutions GmbH which it does not own. Based on a probability-weighted scenario analysis, the obligations resulting from the put options have been recognised under other provisions in an amount of € 4,444k.

A purchase price allocation pursuant to IFRS 3 was retrospectively performed as of the acquisition date for the shares already acquired in q.beyond Data Solutions GmbH in 2022. Based on the identifiable net assets of € 633k determined in the preliminary calculation, acquired customer bases and order volumes totalling € 3,151k were additionally capitalised less the resultant deferred tax liabilities of € 1,017k, as a result of which the company's remeasured equity as of the acquisition date was calculated at € 2,767k. The remaining goodwill amounts to € 4,177k. The development in goodwill in the 2023 financial year is presented in Note 15.
The subsidiary q.beyond ibérica Sociedad Limitada has its domicile in Jerez de la Frontera in Spain and launched its business operations at the beginning of 2023. This company, which exclusively performs intragroup services, is wholly owned by q.beyond AG.
q.beyond logineer India Private Limited, which has its legal domicile in Chennai (India), was founded as a subsidiary of q.beyond logineer GmbH and q.beyond AG on 24 July 2023. The share capital contribution of INR (Indian rupees) 3.4 million (approx. € 389k) was paid on 21 August 2023. The share capital comprises 3.4 million shares; of these, q.beyond logineer GmbH owns 3,399,999 shares and q.beyond AG holds one share. The company launched its operations in September 2023. Since its consolidation, the company has contributed net income of € -17k to consolidated net income.

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 **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 q.beyond Data Solutions GmbH, formerly known as productive-data GmbH

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

Note 29 – Recognition and measurement of **provisions:** 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.

- q.beyond has concluded a low volume of multiple element arrangements with some customers. 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 segment** pools all IT services that provide customers with a flexibly adaptable, networked and secure IT structure. The portfolio ranges from turnkey cloud modules to virtual IT workplaces for networked mobile work through to individual IT outsourcing services. These services are supplemented by scalable security solutions, data intelligence services and applications development. Revenues from rental and service agreements are recognised in line with the services performed. 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.

Assets and liabilities at foreign subsidiaries which have functional currencies other than the euro are translated using the average spot exchange rate at the end of the period under report. By contrast, income and expenses are translated using intra-year average exchange rates. The differences arising from translation are recognised in shareholders' equity and reclassified through profit or loss when the gain or loss generated upon the sale of a foreign subsidiary is recognised. Line items in the consolidated statement of cash flows are translated at intra-year average exchange rates, while cash and cash equivalents are translated using the average spot exchange rate at the end of the period under report.

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 1 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 10 years.
The change compared with the previous year is due to the fact that, following write-downs of customer bases in the 2022 financial year, only the customer base at q.beyond Data Solutions GmbH has been recognised as of 31 December 2023.

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 as of the balance sheet date 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 an actuarial survey. 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.

Employee stock programmes. These involve equity-based cash remuneration for programme participants. Entitlement to equity-based remuneration is linked to the performance of work over a specified period. The liability to be recognised accumulates over the period in which the obligation arises.
Initial measurement is based on fair value as of the date on which the commitment is made. If the amount of equity-based cash remuneration depends on the share price performance, fair value is determined on the basis of an option price model. In subsequent periods, the liability is remeasured at the end of each period. To present remeasurement in the balance sheet, application is made of the full fair value approach, in which, irrespective of its cause, the change in the value of the liability is treated in its entirety as a remeasurement.

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 2023	Guidance on Applying Materiality Judgments to Accounting Policy Disclosures (Amendments to IAS 1)
	Definition of Accounting Estimates (Amendments to IAS 8)
	Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
	Income Taxes: International Tax Reform – Pillar 2 Model Rules (Amendments to IAS 12)
	Initial Application of IFRS 17 – Accounting for Insurance Contracts (Amendments to IFRS 17)
	Presentation of Comparative Information upon Initial Application of IFRS 17 and IFRS 9 (Amendments to IFRS 17 and IFRS 19)

These amendments did not have any material implications for the consolidated financial statements of q.beyond AG.

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 2024.

Effective date	New or amended standards and interpretations
1 January 2024	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
	Reverse Factoring Arrangements (Amendments to IAS 7 and IFRS 17)
1 January 2025	Currency Translation – Lack of Exchangeability (Amendments to IAS 21)

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 € 267k in 2023 (2022: € 434k).

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	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Segments						
Cloud	145,030	132,178	6,160	7,011	151,190	139,189
SAP	37,768	33,374	322	459	38,090	33,833
Total	**182,798**	**165,552**	**6,482**	**7,470**	**189,280**	**173,022**

	Revenues in € 000s		Revenues in %	
	2023	**2022**	**2023**	**2022**
Sectors				
Retail	54,100	57,846	28.6%	33.4%
Manufacturing	36,332	29,946	19.2%	17.3%
Logistics	21,397	18,289	11.3%	10.6%
Financial services	20,112	12,281	10.6%	7.1%
Public sector	1,031	1,456	0.5%	0.8%
Other	56,308	53,204	29.8%	30.8%
Total	**189,280**	**173,022**	**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 € 2,038k (2022: € 5,431k), an amount of € 0k was capitalised as development expenses as the respective outlays did not meet the requirements of IAS 38.57.

€ 000s	2023	2022
Employee benefit expenses	99,199	91,260
Procured input expenses	79,296	65,868
Depreciation/amortisation of non-current and right-of use assets	13,752	17,043
Consulting expenses	3,106	5,182
Other personnel-related expenses	3,583	3,830
Advertising expenses	937	1,564
Other expenses	6,587	5,157
Cost of revenues, sales and marketing expenses, general and administrative expenses	**206,460**	**189,904**

8 Depreciation, amortisation and impairments

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

€ 000s	2023	2022
Cost of revenues	10,743	13,022
Sales and marketing expenses	549	226
General and administrative expenses	2,460	3,795
Impairment losses[1]	2,929	20,850
Depreciation, amortisation and impairments	**16,681**	**37,893**

[1] Reference is made to the information provided in Note 17.

9 Other operating income and expenses

€ 000s	2023	2022
Income from company sale in previous years	8,600	-
Sundry other non-period income	319	486
Income from subleases	204	1,187
Research subsidies and grants	137	141
Sundry other operating income	122	135
Income from reversal of an earn-out obligation	-	1,128
Income from disposal of property, plant and equipment	47	771
Income from positive outcome of a lawsuit	-	711
Income from reversal of commission provisions	-	709
Income from commercial services and charging on of such	-	576
Income from settlement agreement	-	135
Income from insurance compensation	2	1
Other operating income	**9,431**	**5,980**

Reference is made to the information in Note 21 in respect of the income of € 8,600k from the company sale in previous years (2022: € 0k).

€ 000s	2023	2022
Non-period expenses	115	216
Negative deposit rates	-	134
Sundry other operating expenses	96	121
Property tax	48	48
Other operating expenses	**259**	**519**

10 Financial result

€ 000s	2023	2022
Interest income from credit balances at banks	596	33
Interest income from reinsurance policies	110	26
Other interest income	29	16
Interest income from trade receivables	-	43
Financial income	**735**	**118**

€ 000s	2023	2022
Interest expenses for leases	269	105
Interest expenses for pension provisions	192	73
Other interest expenses	47	15
Financing expenses	**508**	**193**

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	2023 snabble GmbH	2023 cargonerds GmbH	2022 snabble GmbH	2022 cargonerds GmbH	2022 aiXbrain GmbH
Shareholding	**25.41%**	**25.10%**	**25.41%**	**25.10%**	**25.15%**
Non-current assets	96	1,619	85	339	24
Current assets	412	733	869	1,776	50
Non-current liabilities	(1,151)	-	(750)	-	(270)
Current liabilities	(199)	(157)	(126)	(542)	(9)
Net assets (100%)	**(842)**	**2,195**	**78**	**1,573**	**(205)**
Carrying amount of investment in associate	**(214)**	**551**	**20**	**395**	**-**
Revenues	2,152	1,514	1,424	1,086	5
Net income	(879)	(1,265)	(1,229)	(2,280)	(64)
q.beyond's share of comprehensive income	**(231)**	**(317)**	**(312)**	**(572)**	**(16)**

The object of snabble GmbH is the compilation, licencing and marketing of software and the provision of a technical platform for handling transaction processes within the merchandise selling process.
The share of income from snabble GmbH reported for 2023 includes a correction amounting to € 8k from the previous year.
The carrying amount of the shareholding held in the associate snabble GmbH was written down by € 1,966k, and thus in full, to its recoverable amount of € 0k in the year under report. This was because the company reported negative equity under commercial law and, as updated in the 2023 financial year, the business planning did not result in any positive company value. This write-down has been recognised under impairment losses in the income statement.
The object of cargonerds is the design, programming and development, further development and operation of specific logistics software products aimed at digitalising business processes. The shareholding in cargonerds GmbH is a strategic investment.
The shares in aiXbrain GmbH were sold on 24 March 2022.

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 2023 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 and for employee share plans.

€ 000s	2023	2022
Consolidated net income attributable to shareholders in the parent company (basic)	(17,477)	(33,304)
Share-based remuneration in connection with employee share plans	(46)	-
Consolidated net income attributable to shareholders in the parent company (diluted)	(17,523)	(33,304)

The weighted average number of shares is unchanged on the previous year and amounts to 124,579,487 (basic). 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	2023	2022
Wages and salaries	85,085	78,201
Employer social security contributions (pension insurance)	6,533	6,324
Employer social security contributions (other)	7,058	6,703
Pension expenses	529	289
Non-cash share-based remuneration	(6)	(257)
Employee benefit expenses	**99,199**	**91,260**

Wages and salaries include expenses of € 4,022k for the termination of employment contracts (2022: € 748k). q.beyond had an average total of 1,105 employees in the 2023 financial year (2022: 1,127). The following table presents the distribution of employees by key corporate function:

	2023	2022
Sales and marketing	118	134
Technology and consulting	905	912
Administration	74	74
Head office departments	8	7
Number of employees by corporate function (average)	**1,105**	**1,127**

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. 2022	**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**
Additions	-	1,536	792	2,328
Disposals	-	(52)	(272)	(324)
Gross value at 31 Dec. 2023	**25,945**	**88,553**	**10,765**	**125,263**
Accumulated depreciation and impairments at 1 Jan. 2022	**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**
Additions	719	6,492	1,075	8,286
Disposals	-	(48)	(265)	(313)
Accumulated depreciation and impairments at 31 Dec. 2023	**10,002**	**75,349**	**8,105**	**93,456**
Carrying amounts at 31 Dec. 2022	**16,662**	**18,164**	**2,949**	**37,775**
Carrying amounts at 31 Dec. 2023	**15,943**	**13,204**	**2,660**	**31,807**

As of 31 December 2023, the "Network and technical equipment" line item included assets under construction of € 0k (2022: € 734k). Impairment losses of € 964k were recognised on data centre infrastructure in the year under report (2022: € 0k).
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

Goodwill amounted to € 13,948k as of 31 December 2023 (2022: € 15,854k). This reduction of € 1,906k resulted from the purchase price allocation for q.beyond Data Solutions GmbH and is due to the disclosure of hidden reserves and allocable deferred taxes amounting to € 2,134k in total, as well as to goodwill of € 228k arising at q.beyond logineer India Private Limited (cf. Note 2 "Scope of consolidation and amendments under company law").
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. In the 2023 financial year, this resulted without amendment in the segments of Cloud 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. The goodwill attributable to q.beyond Data Solutions GmbH was separately tested for impairment as of the balance sheet date on the basis of the planning applicable to that company.
Taking due account of the changes in the companies consolidated, the carrying amount of goodwill is allocated as presented below:

€ 000s	Cloud	SAP	q.beyond Data Solutions
Carrying amount at 1 Jan. 2023	**-**	**9,543**	**6,311**
q.beyond logineer India Private Limited	228	-	-
q.beyond Data Solutions GmbH			
Adjustment due to purchase price allocation	-	-	(2,134)
Carrying amount at 31 Dec. 2023	**228**	**9,543**	**4,177**

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 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 significant improvement in the EBITDA margin has been assumed. A sustainable growth rate of 1.0% has been assumed for this segment.

At **q.beyond Data Solutions GmbH,** revenue growth in a double-digit percentage range and a significant 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:

	2023
SAP	11.52%
q.beyond Data Solutions GmbH	11.52%

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 q.beyond Data Solutions GmbH CGU groups are € 33,430k and € 12,739k higher than the carrying amounts of the respective assets.
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 impossible in a material assumption in SAP and q.beyond Data Solutions GmbH 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 61.9% or 65.7% short of the revenues assumed in the plan or if EBITDA in the final planning year were to fall 62% or 66% short of the planned EBITDA.

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 2023 are presented in the following table:

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

The change in the contract terms compared with the previous year is attributable to the conclusion of new contracts for technical hardware and data centre space, as well as to the general change in the residual terms of existing leases.
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 € 5.2 million.

The opening values, additions, disposals and amounts of depreciation for the right-of-use assets underlying the respective classes are presented in the table below:

€ 000s	Real estate	Technical equipment	Operational and business equipment	Total
Gross value at 1 Jan. 2022	**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**
Additions	581	3,384	1,054	5,020
Disposals	(472)	(695)	(650)	(1,816)
Gross value at 31 Dec. 2023	**9,935**	**4,529**	**1,868**	**16,332**
Accumulated depreciation and impairments at 1 Jan. 2022	**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**
Additions	2,059	972	649	3,680
Disposals	(66)	(608)	(637)	(1,312)
Accumulated depreciation and impairments at 31 Dec. 2023	**5,459**	**1,037**	**1,199**	**7,696**
Carrying amounts at 31 Dec. 2022	**6,360**	**1,166**	**276**	**7,802**
Carrying amounts at 31 Dec. 2023	**4,476**	**3,492**	**669**	**8,637**

Amounts recognised in the income statement in addition to depreciation:

€ 000s	2023
IFRS 16 leases	
Interest expenses on lease liabilities	270
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	110

Amounts recognised in the statement of cash flows:

€ 000s	2023
Total outflow of cash for leases	**3,311**

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 2023, lease income of € 3,289k was recognised under revenues (2022: € 5,282k).
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	2023
Operating lease contracts	
Less than 1 year	3,032
1 to 2 years	2,073
2 to 3 years	325
3 to 4 years	153
Operating lease contracts	**5,583**

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	2024	2025	2026
Minimum lease payments receivable in future			
Lease payments	188	134	44
Discounting	(14)	(7)	(3)
Present values	**174**	**127**	**41**

In 2023, an amount of € 383k was recognised as lease income (2022: € 1,577).

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.

€ 000s	Licenses	Acquired software	Internally generated software	Customer bases	Brands	Other	Total
Gross value at 1 Jan. 2022	**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**
Additions due to purchase price allocation	-	-	-	3,151	-	-	3,151
Additions	-	10	-	-	1	-	11
Disposals	-	(2)	-	-	-	-	(2)
Gross value at 31 Dec. 2023	**85**	**13,369**	**10,761**	**26,446**	**947**	**13,078**	**64,686**
Accumulated amortisation and impairments at 1 Jan. 2022	**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**
Additions	-	2,195	-	554	3	3	2,755
Disposals	-	(2)	-	-	-	-	(2)
Accumulated amortisation and impairments at 31 Dec. 2023	**85**	**10,510**	**10,761**	**23,849**	**925**	**13,075**	**59,205**
Carrying amounts at 31 Dec. 2022	**-**	**5,044**	**-**	**-**	**25**	**5**	**5,074**
Carrying amounts at 31 Dec. 2023	**-**	**2,859**	**-**	**2,597**	**22**	**2**	**5,481**

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 2023, trade receivables amounting to € 411k were impaired (2022: € 80k). The individual allowances schedule and risk allowance for expected credit losses developed as follows:

€ 000s	2023	2022
Allowance at 1 January	**80**	**326**
Added and expensed	382	80
Utilised	(9)	(48)
Reversed	(42)	(278)
Allowance at 31 December	**411**	**80**

The allowance recognised for trade receivables as of 31 December 2023 is structured as follows:

€ 000s	Default rate (weighted average)	Gross carrying amount	Allowance	Impaired credit-worthiness
Receivables				
Expected credit loss	0.1%	34,095	(29)	no
Individual allowance	84.4%	451	(382)	yes
Total		**34,546**	**(411)**	**34,135**

Receivables of € 403k were written down in the financial year under report (2022: € 46k). Incoming payments of € 62k were received in the 2023 financial year (2022: € 14k) on previously written down receivables with carrying amounts of € 42k (2022: € 17k).

19 Prepayments

Non-current prepayments of € 1,211k (2022: € 1,464k) and current prepayments of € 6,776k (2022: € 6,667k) chiefly consist of prepayments for service, maintenance, rental, licence and insurance agreements.

20 Inventories

€ 000s	2023	2022
Inventories		
Unfinished services	-	100
Merchandise designated for sale	78	90
Consumables	31	27
Inventories	**109**	**217**

21 Other assets

€ 000s	2023	2022
Current assets		
Other receivables from company sale in previous years	8,600	-
Receivables from tax authorities	1,052	2,365
Receivables from a minority shareholder in connection with an exemption agreement	545	545
Other current assets	146	67
Receivables from multiple element arrangements	133	256
Contract acquisition costs	63	42
Cash deposits paid	52	441
Receivables from subleases	40	77
Current assets	**10,631**	**3,793**

On 6 May 2019, QSC AG (the legal predecessor of q.beyond AG) concluded a contract with EnBW Telekommunikation GmbH to sell all the shares in its subsidiary Plusnet GmbH. Following approval by the German Federal Cartel Office, the transaction was completed on 30 June 2019. In connection with this transaction, an amount of € 8,600k was deposited on an escrow account at a notary public in order to cover specified tax risks from subsequent company tax audits. Due to substantial doubts as to its recoverability, the corresponding residual purchase price receivable was written down in full.
Unlike originally assumed, in the 2023 financial year the binding determinations of the company tax audit for the 2017 to 2019 calendar years confirmed the full recoverability of the receivable, i.e. the receivable was written up in full. The company will receive the amount of this receivable in the 2024 calendar year.

€ 000s	2023	2022
Non-current assets		
Paid cash deposits	889	810
Receivables from multiple element arrangements	213	115
Other non-current assets	97	105
Receivables from subleases	4	38
Non-current assets	**1,203**	**1,068**

22 Cash and cash equivalents

Cash and cash equivalents amounted to € 37,642k at the 2023 balance sheet date (2022: € 36,388k) and consisted of cash at banks and cash on hand.

23 Issued capital

The company's issued capital amounted to € 124,472,487 at the balance sheet date and was thus unchanged on 31 December 2022. Issued capital comprised 124,472,487 no-par registered ordinary shares.

24 Capital reserve

The capital reserve amounted to € 144,382k as of 31 December 2023 (2022: € 144,084k). This amount also includes the deferred share-based remuneration for the stock option plans. The year-on-year change is due to contribution of € 298k made by the minority shareholder into the capital reserve at q.beyond logineer GmbH in connection with the foundation of q.beyond logineer India Private Limited.

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 2023 and 2022 financial years is presented in the consolidated statement of changes in equity.
Other reserves were structured as follows as of 31 December:

€ 000s	2023	2022
Other reserves		
Actuarial losses on pension plans	(621)	(474)
Currency translation	(17)	-
Deferred taxes	203	155
Other reserves	**(435)**	**(319)**

The currency effects recognised for the 2023 financial year result from subsidiaries which prepare their accounts in foreign currencies.

27 Other financial liabilities

Other financial liabilities comprise call-put options of € 3,102k, which are exercisable in the years from 2024 to 2026, contingent consideration of € 734k (2022: € 734k) and convertible bonds (see Note 36) of € 5k (2022: € 8k).

Call-put option (see Note 2). q.beyond acquired 51% of the shares in q.beyond Data Solutions GmbH (formerly: 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 q.beyond Data Solutions 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. Of this total, € 3,102k has been recognised as a non-current other financial liability and € 1,342k as a 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 2023 financial year, accumulated actuarial losses after taxes of € 418k were recognised through other comprehensive income (2022: € 319k). Total actuarial gains after taxes came to € 99k in the 2023 financial year (2022: € 1,433k).

€ 000s	2023	2022
Present value of defined benefit obligation at 1 January	**5,030**	**7,303**
Interest cost	192	73
Actuarial gains (losses)		
Due to changes in financial assumptions	28	(2,226)
Due to experience adjustments	56	105
Benefits paid	(229)	(225)
Present value of defined benefit obligation at 31 December	**5,077**	**5,030**
Fair value of plan assets at 1 January	**(2,718)**	**(2,473)**
Interest income	(110)	(26)
Expenses from plan assets excluding amounts included in net interest income and expenses	64	(4)
Company contributions to plan assets	(214)	(215)
Fair value of plan assets at 31 December	**(2,978)**	**(2,718)**
Pension provision at 31 December	**2,099**	**2,312**
Discount factor	3.85%	3.90%
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	2023	2022
Pension expenses		
Interest cost	192	73
Income from plan assets recognised through profit or loss	(110)	(26)
Pension expenses	**82**	**47**

Pension payments of € 258k and funding contributions to plan assets of € 214k are expected in 2024.

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%	(267)	4,810
Change in interest rate -0.5%	292	5,369

As of 31 December 2023, the weighted average term of the defined benefit obligation came to 11.4 years (2022: 13.0 years).
Employer contributions to defined contribution plans amounted to € 6,265k in the 2023 financial year (2022: € 6,065k).

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 2023	**909**	**267**	**755**	**428**	**25**	**2,384**
Added	2,959	434	35	352	113	3,893
Utilised	900	223	-	142	-	1,265
Reversed	9	7	-	15	-	31
Balance at 31 December 2023	**2,959**	**471**	**790**	**623**	**138**	**4,981**
Non-current	-	-	790	-	138	928
Current	2,959	471	-	623	-	4,053
Balance at 31 December 2023	**2,959**	**471**	**790**	**623**	**138**	**4,981**

Restructuring. The provisions stated at the end of 2022 were utilised or reversed in 2023. Restructuring provisions of € 2,959k were recognised in 2023 and are expected to be utilised in 2024.

Redundancy payments. Provisions of € 434k were capitalised in 2023 for redundancy payments to employees. These provisions will be utilised in 2024. 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 2024.

Dismantling. Of the dismantling obligations of € 790k (2022: € 755k), an amount of € 35k (2022: € 0k) relates to leased office space whose rental term expires on 31 December 2023 and an amount of € 755k (2022: € 755k) relates to two office and data centre locations whose current rental terms expire on 31 January 2026 and 30 April 2028 respectively.

Onerous contracts. These mainly relate to anticipated losses of € 623k on project termination agreements concluded with customers. This figure includes a provision of € 250k for warranty claims.

(b) Tax provisions

€ 000s	Corporate income tax and solidarity surcharge	Trade tax	Total
Balance at 1 January 2023	**300**	**1,855**	**2,155**
Added	4,941	395	5,336
Utilised	-	(1,495)	(1,495)
Balance at 31 December 2023	**5,241**	**755**	**5,996**

The provisions recognised at the end of 2023 mainly include an amount of € 4,531k for obligations resulting from the company tax audit conducted at q.beyond AG for the 2017 to 2019 assessment periods.

30 Trade payables and other liabilities

€ 000s	2023	2022
Non-current		
Trade payables	375	750
Non-current	**375**	**750**

€ 000s	2023	2022
Current		
Trade payables	13,058	16,146
Personnel liabilities	7,513	3,318
Liabilities due to tax authorities	2,956	3,058
Contract liabilities	1,101	178
Other liabilities	767	934
Debtors with credit balances	135	264
Current	**25,530**	**23,898**

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 € 6,473k in the 2023 financial year and thus improved by € 7,731k compared with the previous year. The year-on-year change in the cash flow mainly resulted from changes in working capital. While this resulted an outflow of liquidity of € 6,545k in 2022, the outflow in 2023 amounted to a mere € 254k.

33 Cash flows from investing activities and financing activities

The cash flow from investing activities stood at € -1,703k in the 2023 financial year (2022: € -13,989k). Payments for acquisitions of property, plant and equipment amounted to € 2,576k (2022: € 3,520k), with proceeds of € 873k also generated from the sale of property, plant and equipment (2022: € 32k).

€ 000s	1 Jan. 2023	Cash-effective changes	Non-cash-effective changes	31 Dec. 2023
Financial liabilities				
Long-term loans	500	(500)	-	-
Lease liabilities	7,740	(3,311)	4,205	8,634
Financial liabilities	**8,240**	**(3,811)**	**4,205**	**8,634**

Other Disclosures

34 Subsidiaries

The consolidated financial statements include the following companies:

€ 000s	Shareholdings in %	Equity 31 Dec. 2023	Net income 2023
Subsidiary, domicile, country			
(Disclosures as per HGB annual financial statements)			
q.beyond ibérica Sociedad Limitada, Jerez de la Frontera, Spain	100.00	79	26
SIA Q.BEYOND, Riga, Latvia	100.00	427	141
q.beyond logineer GmbH, Hamburg, Germany	51.00	2,808	1,572
q.beyond Data Solutions GmbH, Hamburg, Germany	51.00	1,254	528
q.beyond logineer India Private Limited, Chennai, India	51.00	364	(17)

For all its subsidiaries, the control exercised by q.beyond is attributable to its share of voting rights.

35 Segment reporting

In the past financial year, the operating business was managed in the two segments of "Cloud" and "SAP". From 1 January 2024, segmentation will be based on the focused business model introduced in 2023, which is presented in greater detail in the "Strategy" chapter in the Group Management Report. Reference is made to the Group Management Report for further information.
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. 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. 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.

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	SAP	Group
2023 financial year			
Revenues	**151,190**	**38,090**	**189,280**
Cost of revenues	(129,105)	(32,624)	(161,729)
Gross profit	**22,085**	**5,466**	**27,551**
Sales and marketing expenses	(11,814)	(2,806)	(14,620)
Segment contribution	**10,271**	**2,660**	**12,931**
General and administrative expenses			(16,359)
Depreciation and amortisation (including share-based remuneration)			(13,752)
Impairment losses			(2,929)
Other operating result			9,172
Operating earnings (EBIT)			**(10,937)**
Financial income			735
Financial expenses			(508)
Income from associates			(548)
Earnings before taxes			**(11,258)**
Income taxes			(5,180)
Consolidated net income			**(16,438)**

€ 000s	Cloud	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)**

Revenues include € 2,632k generated with non-German EU customers (mainly Austria [€ 1,035k], Netherlands [€ 527k], Malta [€ 503k] and Ireland [€ 321k]), as well as € 3,850k with non-EU customers (mainly UK [€ 3,287k] and Switzerland [€ 485k]). All other revenues were generated in Germany.
In the 2023 financial year, the "Cloud" and "SAP" segments had two customers who respectively accounted for 15.0% and 12.8% 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, advisors and suppliers. Convertible bonds are allocated by the Management Board; allocations to advisors and suppliers also require Supervisory Board approval. 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 2023, only the SOP 2012 and SOP 2015 plans were still active. SOP 2015 expires on 15 January 2024.
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 2022 and 2023 financial years for the SOP 2012 and 2015 plans. The distribution of the convertible bonds outstanding under the active plans as of 31 December 2023 and 31 December 2022 is as follows:

	Number of convertible bonds	Weighted average exercise price in €
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**
Lapsed in 2023	-	-
Exercised in 2023	-	-
Term of convertible bonds expired	(281,700)	1.80
Outstanding at 31 December 2023	**515,900**	**1.77**

For 281,700 convertible bonds, the eight-year term expired in the 2023 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 € 1k (2022: € 2k). The exercise prices of the 515,900 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 2023, the agreed four-year lockup period had expired for all of the outstanding convertible bonds; however, due to the underlying conditions not yet having been met in full none of the stock options were directly exercisable as of the balance sheet date. The possible dates at which convertible bonds may be exercised range from directly exercisable through to 16 May 2025 at the latest.
In the 2023 financial year, income of € 0k was generated in connection with non-cash share-based remuneration in the active 2012 and 2015 stock option plans (2022: income of € 63k).

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.
In November 2023, the Supervisory Board approved the Management Board resolution to extend the term of the SMP 2020 by a further two years until 31 December 2025. The other conditions of the plan were not changed by this postponement in the expiry of the term.
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 2025, 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 2025. 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 since the inception of the plan, 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 € 0.596 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 3.9% and an expected dividend yield of 0%.
A provision of € 12k was recognised as of 31 December 2023 for obligations in connection with the 2020 share matching plan (status as of 31 December 2022: € 1k).
The share-based remuneration will be recognised in the income statement on a time-apportioned basis through to 31 December 2025. An amount of € 11k was added to the obligation in the 2023 financial year (2022: income of € 197k).

2023 employee share plan (ESP 2023)

In December 2022, 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 2023 employee share plan. This participation programme runs until 31 December 2024.

Until mid-February 2023, all plan participants were able to acquire up to a maximum of 5,000 shares in q.beyond AG in their own name and on their own account. Each plan participant stands to receive two bonus shares from q.beyond for every five shares thereby acquired in q.beyond AG provided that the employee holds the shares thereby acquired without interruption and continues to be employed at a company within the q.beyond Group. The granting of bonus shares at the end of the term is not linked to the share price performance of q.beyond AG. Upon expiry of the plan, the Management Board is entitled to make a cash payment to plan participants rather than granting bonus shares; this payment must correspond to the stock market price of the shares on the payment date.

By mid-February 2023, the plan participants acquired a total of 242,000 shares. Due to employees leaving the company, the number of eligible shares decreased to 238,250 as of the balance sheet date on 31 December 2023.

The expenses incurred for the ESP 2023 qualify as cash-settled share-based remuneration. This represents a special form of performance-related remuneration for employees, the value of which is determined by the price but not dependent on the performance of shares in the company. Only those participants who remain employees of q.beyond or one of its subsidiaries without interruption through to the expiry of the plan are entitled to be granted bonus shares.

The obligations resulting from share-based remuneration are measured at fair value upon initial recognition and at each reporting date until the respective liabilities are settled. In subsequent periods, the effect of remeasuring the obligations is recognised through profit or loss irrespective of whether the change in present value is attributable to the share price performance or the amended number of beneficiaries.

As of the grant date in February 2023, the obligation was initially measured at a fair value of € 0, as the plan participants had not yet provided any counter-performance at this point in time. Accounting for the closing price of q.beyond’s share, which stood at € 0.596, the fair value of the obligation amounted to € 46k at 31 December 2023. Accordingly, expenses of € 46k were recognised in the income statement in the 2023 financial year. In the previous year, expenses of € 2k were recognised for the preceding 2021 employee share plan (ESP 2021), which expired on 31 December 2022.

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.

Remuneration of Management Board and Supervisory Board

The remuneration of the Management and Supervisory Boards amounted to € 1,191k in the 2023 financial year (2022: € 724k). As in the previous year, this remuneration exclusively involved short-term benefits.
Management Board remuneration for the 2023 financial year totalled € 881k, compared with € 409k in the previous year. This comprises fixed remuneration of € 595k (2022: € 375k), fringe benefits of € 46k (2022: € 29k) and variable remuneration of € 194k from the short-term incentive (STI) (2022: € 5k) and of € 45k from the long-term incentive (2022: € 0k).
Any claim to variable remuneration from the STI is fully vested by the activity of the Management Board in the year under report. 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 2023 financial year, the members of the company's Management Board held voting rights for a total of 301,500 shares (2022: 1,300,000 shares). This corresponds to a share of around 0.2% of voting rights (2022: 1.0%).
As in the previous year, no loans or advances were granted to the members of the Management Board in the 2023 financial year.
The remuneration paid to Supervisory Board members comprises annual basic remuneration and additional remuneration for committee activity. For the 2023 financial year, the Supervisory Board members received short-term remuneration totalling € 312k (2022: € 315k). Supervisory Board remuneration is due for payment after the end of the financial year and is disbursed to members in the subsequent year.
As of the balance sheet date, the company's Supervisory Board members held a total of 31,601,294 shares. This corresponds to a share of around 25.4% of voting rights.

	No. of shares	
	31 Dec. 2023	31 Dec. 2022
Dr. Bernd Schlobohm, Chair	15,769,910	15,769,910
Dr. Frank Zurlino, Deputy Chair (deceased on 1 December 2023)	-	10,000
Gerd Eickers	15,777,484	15,777,484
Ina Schlie, Deputy Chair (since 19 December 2023)	50,000	50,000
Matthias Galler	2,100	2,100
Martina Altheim	1,800	1,800
Total	**31,601,294**	**31,611,294**

As in the previous year, no loans or advances were granted to Supervisory Board members in the 2023 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 2023, the obligation amounted to € 1,480k prior to the offsetting of reinsurance claims of € 2,870k. The actuarial present value of provisions for vested pension claims for one other former Management Board member amounts to € 61k.

Business relations with related companies

In 2023, q.beyond AG maintained business relations with QS Communications Verwaltungs Service GmbH, Cologne, and with Teleport GmbH, Cologne. These companies count 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.
Between 2019 and 2022, q.beyond AG developed a smart edge computing platform to manage edge devices and the associated software under the product name "Edgizer". On 25 October 2022, the Management Board of q.beyond AG decided to halt investments in developing proprietary software-as-a-service products. The implications of this decision included no longer working to further develop and market the "Edgizer" product, but rather to discontinue all related activities. As a result of the aforementioned decision, a sale and transfer agreement was negotiated between q.beyond AG and Teleport Köln GmbH and then signed and completed on 31 January 2023. In January 2023, Teleport paid a purchase price of € 1.00 to q.beyond AG as consideration for the transfer of the "Edgizer" product. In the 2023 financial year, q.beyond AG sold hardware relating to the "Edgizer" product to Teleport GmbH for a purchase price of € 53k.
QS Communication Verwaltungs Service GmbH provides q.beyond with advisory services in its development and innovation business field.

€ 000s	Net revenues	Expenses	Payments received	Payments made
2023 financial year				
Teleport GmbH	53	-	53	-
QS Communication Verwaltungs Service GmbH	-	16	-	16
2022 financial year				
Teleport GmbH	-	-	-	-
QS Communication Verwaltungs Service GmbH	-	139	-	203

€ 000s	Receivables	Payables
31 December 2023		
Teleport GmbH	-	-
QS Communication Verwaltungs Service GmbH	-	-
31 December 2022		
Teleport GmbH	-	-
QS Communication Verwaltungs Service GmbH	19	-

Transactions with associates

snabble GmbH. q.beyond had the option of acquiring a further 24.7% of the shares in this company in 2023. This option was not exercised.

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 31.99% to calculate deferred taxes (2022: 32.53%). 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	
	2023	2023	2022	2022	2023	2023	2022
Deferred tax assets and liabilities							
Intangible assets	-	1,750	53	10	(824)	(969)	1,372
Property, plant and equipment	340	2,845	434	2,571	(368)	-	1,297
Other assets	701	-	624	-	77	-	84
Other receivables	-	273	-	258	(15)	-	111
Inventories	20	-	8	-	12	-	(1)
Pension provisions							
and other provisions	-	213	83	-	(296)	44	274
Other liabilities	2,806	4	2,458	17	361	-	(1,703)
Total deferred taxes							
on temporary differences	**3,867**	**5,085**	**3,660**	**2,856**	**(1,053)**	**(925)**	**1,434**
Change in write-down of deferred taxes							
due to differences	**-**	**-**	**(804)**	**-**	**804**		**(804)**
Total deferred taxes							
on loss carryovers	**389**	**-**	**-**	**-**	**389**		**(15)**
Total deferred taxes before netting	**4,256**	**5,085**	**2,856**	**2,856**			
Netting	4,256	4,256	2,856	2,856			
Total deferred taxes	**-**	**829**	**-**	**-**	**140**		

The temporary differences in connection with interests in subsidiaries for which no deferred tax liabilities are recognised amounted to € 62k in the 2023 financial year (2022: € 323k).
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	2023	2022
Reconciliation		
Net income before income taxes	**(11,258)**	**(33,246)**
Tax rate	31.99%	32.53%
Expected tax expenses	(3,602)	(10,815)
Tax effects of		
Changes in write-downs of deferred taxes on loss carryovers		
and temporary differences	6,233	4,647
Non-period tax expenses	4,285	-
Non-deductible operating expenses	54	155
Goodwill impairment	-	5,092
Items governed by § 8b KStG	(1,760)	27
Non-period income/expenses	-	231
Changes in tax rates	(39)	(1)
Other items	9	506
Reconciled tax expenses	**5,180**	**(158)**

Reconciled tax income consists of an amount of € 5,320k recognised for current income tax expenses (2022: € 457k) and deferred tax income of € 140k (2022: € 615k).
In the 2023 financial year, tax income of € 44k was recognised directly in other reserves in connection with actuarial losses (2022: € -692k).
As of 31 December 2023, corporate income tax loss carryovers at q.beyond AG came to € 423 million (2022: € 403 million) while trade tax loss carryovers totalled € 408 million (2022: € 387 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

No legal disputes were pending or known of as of the balance sheet date on 31 December 2023.

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. Trade payables result from current procurement processes, while lease liabilities relate to rental and lease contracts which have terms of more than one year and are paid on a monthly basis. Financial assets directly resulting from business activities relate in particular to trade receivables and cash and cash equivalents. No derivative financial instruments were deployed in the 2023 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 2024	Due by end of 2025	Due by end of 2026	Due by end of 2027	Due by end of 2028	Due after 2028	Total
Lease liabilities	8,634	3,661	2,653	1,609	1,107	82	-	9,111
Trade payables	13,433	13,058	375	-	-	-	-	13,433
Contractual liabilities	1,101	1,101	-	-	-	-	-	1,101
Other current and non-current financial liabilities	605	605	-	-	-	-	-	605
Other financial liabilities	10,337	4,098	4,651	1,588	-	-	-	10,337
At 31 December 2023	**34,109**	**22,522**	**7,679**	**3,197**	**1,107**	**82**	**-**	**34,586**

€ 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**

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 2023					
Assets not measured at fair value					
Cash and cash equivalents	37,642	•			
Receivables from finance leases	391	•			
Current trade receivables	42,735	•			
Liabilities not measured at fair value					
Trade payables and other liabilities	14,037	•			
Contract liabilities	1,101	•			
Lease liabilities	8,634	•			
Other financial liabilities	740	•			
Liabilities measured at fair value					
Other financial liabilities	4,444				•

€ 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				•

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 2023 to 31 December 2023.

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 2023	Net result 2022
Assets valued at amortised cost	619	-	(331)	62	**350**	351
Liabilities valued at amortised cost	(316)	-	-	-	**(316)**	(118)

€ 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)

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 16 December 2023 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 2023 financial year invoiced by the auditor duly elected and commissioned, Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, amounts to € 259k, of which € 257k for the audit of the financial statements and € 2k 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 2023 financial year were as follows:

Management Board member		
Thies Rixen	Chief Executive Officer	(since 1 April 2023)
	Chief Operating Officer	(until 31 March 2023)
Nora Wolters	Chief Financial Officer	(since 1 January 2023)
Jürgen Hermann	Chief Executive Officer	(until 31 March 2023)

Thies Rixen is also Chair of the Supervisory Board at cink AG, Hamburg.

Supervisory Board. The members of the Supervisory Board in the 2023 financial year were as follows:

Supervisory Board member	
Dr. Bernd Schlobohm	Businessman, Supervisory Board Chair
Dr. Frank Zurlino	Senior Partner at Horn & Company, Düsseldorf, Germany
	Deputy Chair of Supervisory Board (deceased on 1 December 2023)
Ina Schlie	Businesswoman, Deputy Chair of Supervisory Board (since 19 December 2023)
Gerd Eickers	Independent Telecommunications Consultant
Matthias Galler	Senior IT Consultant, Chair of Works Council at q.beyond AG,
	Employee Representative
Martina Altheim	Head of Corporate Social Responsibility at q.beyond AG,
	Employee Representative

Dr. Frank Zurlino was also a member of the Advisory Boards at M2Beauté Cosmetics GmbH, Cologne, Germany, hasenkamp Holding GmbH, Frechen, Germany, and Heinrich Gräper Holding GmbH & Co. KG, Bösel, Germany.
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.
Gerd Eickers is Chair of the Supervisory Board at Contentteam AG, Cologne, Germany.
In response to a petition filed by the Management Board, on 25 January 2024 Cologne District Court appointed Thorsten Dirks, a self-employed businessman, as a member of the Supervisory Board. Thorsten Dirks is a member of the Supervisory Board at Adler Modemärkte GmbH, Haibach, Germany, and of the Advisory Boards at Lakestar Advisors GmbH, Zürich, Switzerland, and IMG GmbH, Hamburg, Germany.

46 Events after balance sheet date

We have not become aware of any events of material significance since the end of the financial year that would require report here.

Cologne, 21 March 2024

q.beyond AG
The Management Board

Thies Rixen

Nora Wolters

Statement of Responsibility

To the best of our knowledge, and in accordance with the applicable reporting principles, 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, 21 March 2024

q.beyond AG
The Management Board

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 2023, 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 2023, 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 2023. 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 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, 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 2023. 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

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

Goodwill amounting to € 13.9 million is reported in the consolidated balance sheet of q.beyond AG. This corresponds to 9% of the balance sheet total.

The impairment of goodwill is tested annually at the business segment level. For q.beyond Data Solutions GmbH, goodwill is tested at subsidiary level. The business segments have not structurally changed compared to the 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, 2023.

In the 2023 financial year, the goodwill attributable to q.beyond Data Solutions GmbH decreased due to the purchase price allocation carried out in accordance with IFRS 3 € 2.1 million. The remaining goodwill of € 4.2 million was tested for impairment as of December 31, 2023 in accordance with IAS 36. The impairment test did not show any need for impairment. The goodwill of € 9.5 million attributable to the “SAP segment” and € 0.2 million attributable to the “Cloud segment” were also not reduced in value based on the impairment tests carried out in accordance with IAS 36.

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 financial statements that an impairment that exists as of the reporting date will not be recognized and that the associated information in the notes is 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 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.

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 € 189.3 million in the 2023 financial year.

q.beyond AG and its subsidiaries recognize 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 recognized 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 recognize 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,
- 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, as well as
- the information marked as unaudited in section 3. Forecast, opportunity and risk report regarding key features of the internal control and risk management system as well as the compliance management system; this information is not required by Section 315 Commercial Code.

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 529900DGVITE7A2L5G12-2023-12-31-de.zip (MD5-Hashwert: b7883cc03622fcd8ccff39f2488d4fc3) 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, 2023, 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 (06.2023)) 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 management system according to the International Standard on Quality (ISQM 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 24 May 2023 and were engaged by the supervisory board on 15 August 2023. 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, 21 March 2024

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Martin Schulz-Danso Wirtschaftsprüfer [German Public Auditor]	Barbara Arnold Wirtschaftsprüferin [German Public Auditor]

Calendar

Quarterly Figures
13 May 2024
12 August 2024
11 November 2024

Annual General Meeting
29 May 2024

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Editorial responsibility
q.beyond AG, Cologne

Design
sitzgruppe, Düsseldorf

Image credits
Philip Metelmann, Hamburg (pp. 2, 8, 10)

Print
das druckhaus, Korschenbroich

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

For further information: www.qbeyond.de/en