QSC 2020\textsuperscript{plus} – THE GROWTH STRATEGY
Disclaimer

This presentation contains forward-looking statements based on management estimates and reflects the current views of QSC AG’s (“QSC’s”) management board with respect to future events. These forward-looking statements correspond to the situation at the time this presentation was prepared. Such statements are subject to risks and uncertainties, which often fall outside the sphere of influence of QSC. These risks and uncertainties are covered in detail within the Risk Report section in our annual report.

Although the forward-looking statements are made with great care, their correctness cannot be guaranteed. Therefore the actual results may deviate from the expected results described herein. QSC does not intend to update or adjust any forward-looking statements after the publication of the presentation.
What are we talking about?

SEEING AND SEIZING DIGITALISATION AS AN OPPORTUNITY

- Infinite growth in volume of data produced and recorded
- Technologies/applications and algorithms becoming ever more sophisticated
- Exponential growth in storage, real-time availability and processing power

NEW PRODUCTS AND SERVICES | INCREASING CUSTOMER RETENTION | SMART CONTROL | NEW BUSINESS MODELS
What is needed to use the opportunities?

Sensor technology
Hardware/devices
Software/edge

SAP/Microsoft
Industrial solutions
AI/ML

Data centres
Orchestration of clouds
Operations expertise

QSC IS AN EXPERT IN ALL THESE TECHNOLOGIES

IoT    SAP    CLOUD
The three growth markets of IoT, SAP and Cloud

- B2B market in Germany
  - €25 billion in 2020
- B2B market in Germany
  - €10 billion in 2020
- B2B market in Germany
  - €30 billion in 2020

Sources: Experton; PAC/own research; Deloitte, IoT study
Intelligent integration of technologies

SENSOR TECHNOLOGY
- Sensors
- Devices
- IoT

APPLICATIONS
- Industrial solutions
- SAP/Microsoft
- Other services

CLOUD
- QSC cloud/Third-party cloud (e.g. AWS, Azure)
- Customer premises

Edge Computing → Cloud Computing
Go-to-market: Focus on three sectors

- Retail: ~40%
- Manufacturing: ~20%
- Energy: ~10%
# Retail: Digital intelligent enterprise

- **Headquarter**
  - New business models
  - Scalability
  - Operational agility
  - Demand planning
  - Cost reduction

- **Supply Chain**
  - Last mile fulfillment
  - Omnichannel
  - Higher efficiency
  - Demand forecasting
  - Traceability

- **Stores/Online**
  - Digital store
  - Integrated payment
  - Personalisation
  - Omnichannel
  - Data analytics

- **Customer**
  - Experience
  - Assortment
  - Social community
  - Personalised shopping
  - Innovative services

---

**End-to-end integration of innovative technology is our core competence**
It all begins with trust: Long-term customer relationships
Intellectual Property (IP) drives profitability

Software-based customer solutions with:

>70 Outstanding cloud architects
>60 Software experts
>200 SAP specialists trained in S/4HANA
>15 Creative business developers

Winner of the SAP CONNECT 2019 Hackathon
Electronic Shelf Labels (ESL) for retailers
AI-based Industrial Solutions „Planning-as-a-service”
Solid finances enable for M&A deals

- No debts
- Cash at end of year ~€ 65 million
- Equity ratio > 70%

QSC intends to acquire small tech specialists
- Unique technology in the field of AI, Cloud Services, Data Analytics, Embedded Software, IoT
- Proof of concept done
- First customers or projects on board
- Revenue generation has started
- Majority participation possible
- Manageable investments
Using cash to generate growth

Cash at end of year
~€ 65 million

- up to € 20 million invest in growth
- up to € 25 million for M&A
- ~€ 20 million for Working Capital

Sustainably positive free cash flow from Q4 2021
QSC: The growth company at a glance

“Digitizer to the SME sector”

Excellent business portfolio
- Recurring revenues
- Highly scalable

Top innovations
- Integrated solutions
- New technologies

Effective “go-to-market” approach
- Sector focus
- Strategic partners

Experienced management team
- Top expertise
- Entrepreneurial approach

Investments in future and M&A

2022: Revenues of € ~200 million, EBITDA >10%, positive free cash flow
Promising starting point: QSC is back on growth track

Main growth drivers (Q2/Q3)
- Cloud +24%
- Consulting +5%

Growth highly predictable
- ~75% recurring revenues

Recurrents revenues

1 QSC (excluding Plusnet subgroup)
Heading for revenues of € 200 million

- Accelerating revenue growth
- Crucial growth enabler: High percentage of recurring revenues
- Sustainably positive EBITDA from Q4 2020
- Sustainably positive free cash flow from Q4 2021
Questions & answers
Contact

QSC AG
Arne Thull
Head of Investor Relations
T +49 221 669-8724
F +49 221 669-8009
invest@qsc.de
www.qsc.de

Twitter.com/QSCIRde
Twitter.com/QSCIRen
blog.qsc.de
xing.com/companies/QSC AG
slideshare.net/QSCAG
Appendix
In June 2019, QSC’s two founders acquired shares as follows:

Gerd Eickers\(^1\)  
200,000 shares

Dr. Bernd Schlobohm\(^2\)  
250,000 shares

Neither founder has yet sold any QSC shares — share ownership is now structured as follows:

12.71\%  Gerd Eickers\(^1\)

12.70\%  Dr. Bernd Schlobohm\(^2\)

74.59\%  Free float

\(^1\) Founder and member of Supervisory Board

\(^2\) Founder and Chairman of Supervisory Board

Status: 30 October 2019
First P&L after Plusnet sale

- Q3 2019 developed as expected
- Current cost base allows future growth without increased costs => high scalability of QSC’s business model
- IFRS 16 depreciation now at € 1.2 million
- One-off tax effect because of Plusnet transaction

<table>
<thead>
<tr>
<th>in € million</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>32.3</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>27.9</td>
</tr>
<tr>
<td>Gross profit</td>
<td>4.4</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>3.0</td>
</tr>
<tr>
<td>General and admin expenses</td>
<td>4.9</td>
</tr>
<tr>
<td>Other operating income</td>
<td>1.5</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(0.3)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(2.2)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4.1</td>
</tr>
<tr>
<td>EBIT</td>
<td>(6.3)</td>
</tr>
<tr>
<td>Financial result</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>3.9</td>
</tr>
<tr>
<td>Net income</td>
<td>(2.6)</td>
</tr>
</tbody>
</table>
**Strong balance sheet after Plusnet sale**

- As of 30 June 2019, QSC fully repaid its external debt
- Net liquidity of € 70.1 million
- Equity ratio now at 76%

<table>
<thead>
<tr>
<th></th>
<th>Total Assets</th>
<th>Total Equity and Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30/09/2019</td>
<td>31/12/2018</td>
</tr>
<tr>
<td>Long-term assets</td>
<td>134.8</td>
<td>166.6</td>
</tr>
<tr>
<td>Short-term assets</td>
<td>45.5</td>
<td>61.3</td>
</tr>
<tr>
<td>Liquidity</td>
<td>70.1</td>
<td>53.6</td>
</tr>
<tr>
<td></td>
<td><strong>250.4</strong></td>
<td><strong>281.5</strong></td>
</tr>
<tr>
<td></td>
<td>30/09/2019</td>
<td>31/12/2018</td>
</tr>
<tr>
<td>Equity</td>
<td>190.6</td>
<td>90.1</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>109.3</td>
<td>20.1</td>
</tr>
<tr>
<td>Short-term liabilities</td>
<td>82.1</td>
<td>39.7</td>
</tr>
<tr>
<td></td>
<td><strong>250.4</strong></td>
<td><strong>281.5</strong></td>
</tr>
</tbody>
</table>
On track to reaching the updated forecast

- **Revenues of more than € 235 million**
  
  (9M 2019: € 204.9 million)

- **EBITDA of more than € 140 million**
  
  (9M 2019: € 143.6 million)

- **Free cash flow of more than € 130 million**
  
  (9M 2019: € 140.2 million)